

THE TIMES

Tomorrow

Days of wine... Roger Scruton on the virtues of claret versus burgundy... and Roses Peter Ball reports the Yorkshire versus Lancashire match... Deng Xiaoping and his cult... dolls Georgina Howell on the fashions of filmland... Hard line... Russia is cracking down on rock music... Richard Owen reports... software Computer Horizons on a British challenge to the American giants... Healthy... Alternative medicine - a new way to look at illness... and wealthy State schoolchildren's view of their privileged public school brothers

Britain will stay firm in currency turmoil

By Frances Williams and Christopher Thomas

The British Government will stand by its "hands off" policy towards sterling in what promises to be a further bout of turmoil on foreign exchange markets after the unprecedented rise of the dollar to an all-time high against the pound last week.

Ministers see no reason for British interest rates to rise to protect the pound. This view is likely to be reinforced if, as expected, tomorrow's British money supply and government borrowing figures for July show a big improvement on the poor June figures.

Nor do they intend at present to join the concerted intervention by European and Japanese central banks to stop the dollar's rapid climb against virtually all other currencies - a move which last week met with little success despite their stamping of some \$2bn into the foreign exchange markets.

Until this intervention put pressure on sterling, the pound had clung to the dollar's coat tails, gaining ground against the European currencies and the yen and hurting the competitiveness of British industry.

With Europe now taking more than half Britain's exports, a high pound would put at risk the still uneven and fragile recovery. In these circumstances, officials argue that efforts to bolster the pound's value against the dollar - and hence other currencies - would scarcely be appropriate, even though a fall in the pound will inflate the cost of imported materials.

The Government's resolve is likely to be tested to the limit over the forthcoming days and weeks. During the weekend, several more currencies, including the Saudi riyal, were devalued against the dollar.

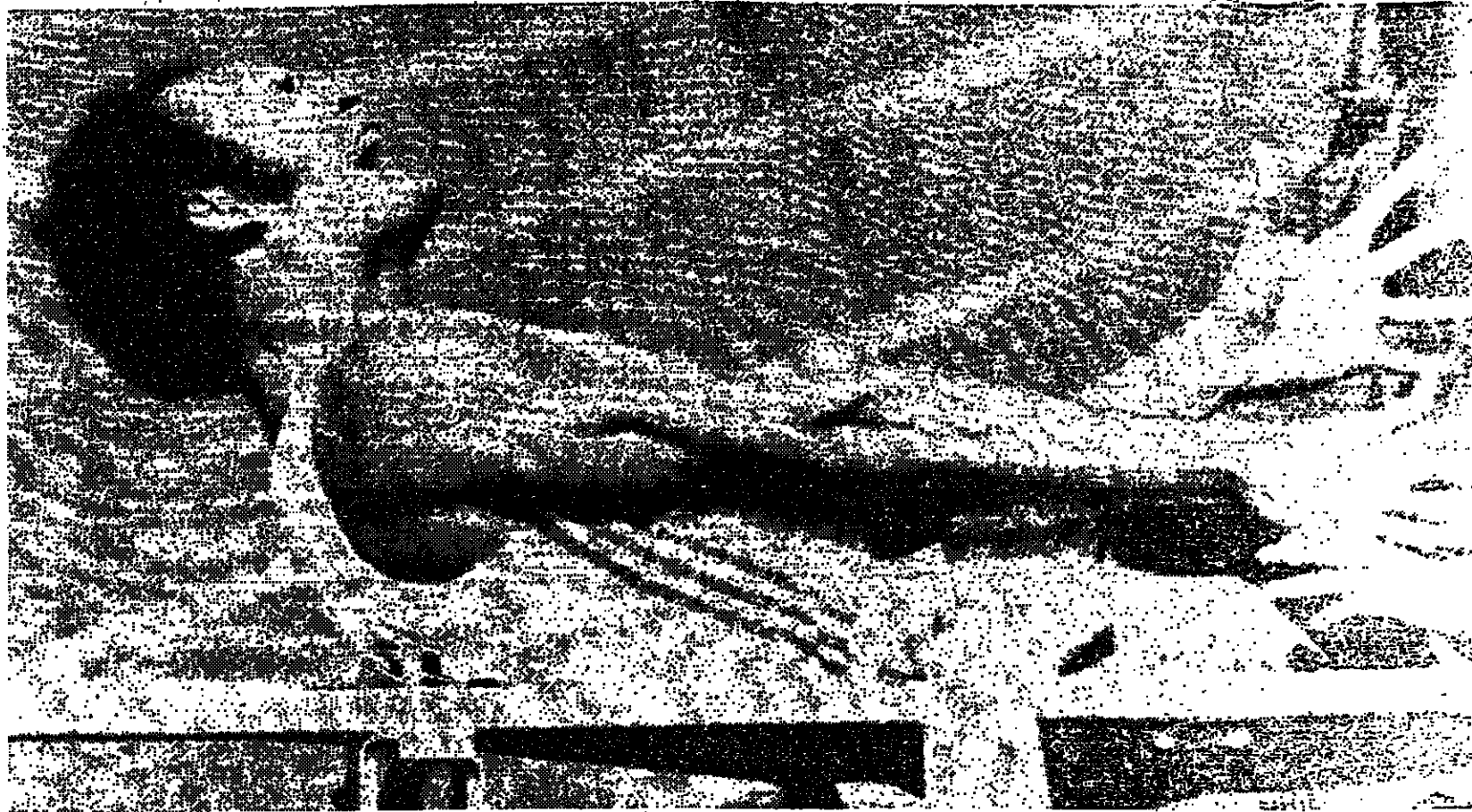
On Saturday President Reagan undermined any impact that the United States' limited help in intervention might have had by rejecting European claims that high US interest rates are boosting the dollar at the expense of their economies.

In his weekly national radio broadcast, the President said: "It is not the interest you earn from holding a currency that matters most. It is the confidence you have that the value of your money will not depreciate from higher inflation." He cited the strong dollar as evidence of the growing strength of the US economy.

However, the latest US money supply figures, released late on Friday and showing monetary growth still well above target, have increased fears that US interest rates may rise further, putting more upward pressure on the dollar. Many analysts believe that high US interest rates - underpinned by the huge federal government deficit which is consuming the lion's share of available funds - will keep the US currency strong well into 1984, the presidential election year.

In New York, several analysts predicted yesterday that the big banks might follow a few smaller banks in raising their prime lending rates from 10.5 to 11 per cent during August.

Juantorena's stumble puts him out of the running



Cuba's Alberto Juantorena screaming in pain as he is carried from the track at Helsinki yesterday after stumbling during his 800-metre heat. He broke bones in his foot and tore ankle ligaments. After an operation doctors said he would be unable to run for at least three months.

159 nations make history

Helsinki (AP). - Athletes from 159 nations - the largest gathering of countries at any event in sport history - took part in the opening ceremony of the inaugural World Track and Field Championships in Helsinki's Olympic stadium yesterday.

There were so many flag bearers that after the Olympic-style march around the stadium there was not enough room for the usual straight line across the field. So they formed a huge arc.

The historic occasion followed partly from the huge television revenue for the championships, which are to end next Sunday. The International Amateur Athletic Federation (IAAF) had so much money in hand that it paid travel and lodging expenses for the more than 1,500 athletes and their coaches and team managers.

Signor Primo Nebiolo of Italy, who became president of the IAAF two years ago, dreamt of having 160 nations in the parade. He failed by one.

But it was still a runaway record, breaking the one set at Munich in 1972 when athletes from 123 countries marched at the opening of the Olympic Games.

The IAAF has 170 member nations; the latest recruit, Cyprus, was admitted three days ago.

President Mauno Koivisto of Finland declared the championships open. He won cheers from the crowd by reading a speech in Finnish.

Reports and results, page 22

Stricken tanker's bow taken in tow as slick moves offshore

From Ray Kennedy Johannesburg

The bow section of the Spanish tanker Castillo de Bellver, which could still hold nearly half its cargo of 220,000 tons of crude oil, was taken in tow late yesterday while a change in the wind began nudging a massive slick, 27 miles long and up to seven miles wide, away from South Africa's western coast. But the threat of vast pollution remains.

The stern section of the tanker turned turtle and sank early yesterday in 1,000ft of water only 20 miles from the coast. "It is much too close in for comfort," said officials of Safmarine, the South African shipping company which is coordinating the salvage and anti-pollution operation. "As soon as its tanks rupture the oil in them could reach the shore very quickly, depending on the weather conditions."

Yesterday soot-laden rain from the Castillo de Bellver's funeral pyre blackened the snow-covered peaks of the Matroosberg mountains near Ceres, nearly 125 miles from where the tanker caught fire early on Saturday. Farmers in the Malmesbury area, South Africa's principle wheat-growing belt, said their crops and freshly-shorn sheep had been covered by the oily fallout.

The 26,200 horsepower Safmarine tug John Ross took the bow section in tow yesterday in a dramatic and extremely hazardous operation.

A diver was dangled from a helicopter to secure a line through one of the tanker's anchor flukes and then winch a

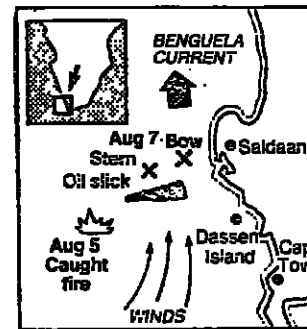


The tug John Ross approaching the wreck.

heavy towing line from the tug into position. Throughout the operation, which took nearly two hours, oil from the forward tanks gushed over him and there was the ever present danger that the bow section, pointing almost vertically into the air, would topple and sink.

There was no other way of doing it, a Safmarine official said. "There could be up to 600ft of the ship under water containing half its cargo."

The John Ross will try to tow the bulk as far away from the coast as possible and dump it where the oil will disperse and do minimum damage. "It is a question of doing it slowly but surely. Ships are designed to float horizontally, not vertically," the Safmarine official said.



The slick was being pushed towards the shore by a north-westerly wind but late yesterday the wind direction turned to south-easterly. A salvage operation official said: "We are famous for our south-easters but it's mid-winter now and the wind could start to blow onshore again at any time."

Three South African Department of Transport coastguard vessels are spraying the slick which yesterday had drifted to within 25 miles of the coast and the Langebaan lagoon and Dassen Island, breeding ground of the jackass penguin, an already endangered species, flamingoes and pelicans.

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South African officials flew over the slick yesterday to assess the danger of the threat with Captain Mike Garnett, representing TOVOLOP, the London-based tanker owners voluntary oil pollution protection organization, who arrived in South Africa overnight from Britain.

A search was also continuing. Continued on back page, col 6

Lebanon car bomb kills at least 35

From Kate Dourian Beirut

A car bomb exploded in a crowded vegetable market in the eastern Lebanese city of Baalbek yesterday, killing at least 35 people and injuring many more. The state radio said two Syrian soldiers were among those dead and 20 of the wounded were in a critical condition.

The casualty figure was expected to rise as rescue workers sought bodies from the rubble of buildings which were damaged in the explosion. Fourteen cars parked near the market place were set on fire.

It was the worst of a series of explosions which have struck different parts of Lebanon over the past few days. On Friday a car bomb exploded outside a mosque in the northern port city of Tripoli, killing 19 people.

Baalbek, a historic city of ruined Roman temples, is 45 miles east of Beirut and lies in the Syrian-controlled Bekaa valley. Its population is mainly Shia Muslim.

There was no indication who was responsible for yesterday's car bombing.

The Palestine Central Council, the PLO's 81-member interim legislative body, ended a three-day session on Saturday in Tunis with a call for the resolution of the crisis within Fatah and the conflict between the PLO and Syria.

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Leading article, page 9

Sri Lanka claims coup plot foiled

President Jayewardene of Sri Lanka has claimed that he thwarted a plot, starting with race riots, to topple him and install a left-wing military dictatorship. The information was said to come from a group which rose against the previous government. Page 5

Synagogue blast

A bomb exploded in an empty Johannesburg Synagogue yesterday in an apparent unsuccessful attempt on the lives of President Viljoen of South Africa and Mr Elishu Lankin, the Israeli ambassador, who were due to attend a commemorative service.

Sun apology

The Sun today apologized to Mrs Marcia McKay, widow of one of the Falkland Islands and to its readers following a Press Council censure over a "deplorable, insensitive deception on the public". Council report in full, page 4; Sun apology, The Papers, back page.

Police search

Police will search the family home of Dr and Mrs Robert Jones today. Dr Jones has been questioned further about his account of his wife's disappearance. Earlier report, page 3

Pilot defects

The pilot of a Chinese MiG21 defected to South Korea setting off air raid warnings and stirring fears of a North Korean attack. Page 4

State cash study

The Government is looking at plans to allow state industry to raise funds privately. It is also considering the £3bn sale of 51 per cent of British Gas. Page 13

Nuclear hitch

Britain's newest nuclear power station, at Hartlepool, has been closed because of a water leak, but the CEBG says there is no danger. Page 2

P&O statement

Lord Inchcape, chairman of P&O, will make a statement today after growing speculation that he will be replaced by Mr Jeffrey Sterling, his deputy. Page 13

Radio switch-off

Britain's commercial radio stations are the main casualties of an apparent decline in radio listening. Page 3

Bank power

The shift in power at the Bank of England after the appointment of Mr Robin Leigh-Pemberton as governor is examined in the first of a series of City institutions. Page 14

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Irish police shoot four in ambush

Four men were seriously ill in hospital in the Irish Republic yesterday after an exchange of fire between police and an armed gang outside the unoccupied home of Mr Galen Weston, a Canadian multimillionaire, at Roundwood, co Wicklow.

Detectives from the republic's anti-terrorist task force were waiting when seven men wearing boiler suits and balaclavas drove up to the house at 8 am. The gang opened fire when challenged and in the shooting four of them were wounded. A fifth was arrested and two others escaped into woodland, one apparently injured.

The four shot men were taken to St Colmcille's hospital, Loughinstown, and one who was more seriously injured was later transferred to Dublin.

The condition of the three others was said to be serious but stable. No police officers were injured.

The police believed they had foiled an attempt by the Irish National Liberation Army to kidnap Mr Weston, who is president of George Weston Ltd, the parent company of

Associated British Foods, which operates Fine Fare supermarkets.

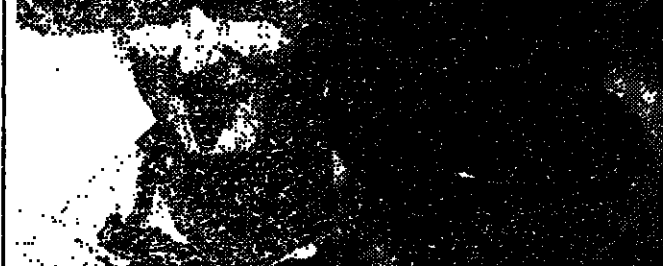
But Mr Weston, aged 42, speaking at the Guards polo club in Windsor where he had been playing alongside the Prince of Wales, dismissed the kidnap motive.

"I would think that is a very remote possibility," he said. "I would imagine it was a theft attempt and they were trying to knock off the house."

He said he had not lived in this house for 10 years and seldom visited it, the last time being five or six months ago. "I am a resident in Canada, and have been for 10 years."

Mr Weston said he had heard of the attack on the 1pm radio news. To the surprise of his friends he went ahead with the polo match, leading his own team, the Maple Leafs, and immediately started another scare as he fell badly.

He lay motionless for several minutes after being thrown, and was taken by ambulance to a first aid centre before being driven away by his wife, Hilary, in a red Mercedes. "He has been very lucky, but do not worry, he is fine", she said.



Mr Galen Weston talking to a policeman yesterday at Windsor where he played in a polo match.

Thatcher 'irritated' by talk of succession

By John Winder

Mrs Margaret Thatcher has become irritated by the speculation about who would succeed her if she were to leave office, some Conservative MPs believe.

The terseness with which she dismissed questions about her deputy "Willie Whitelaw is my deputy; always has been" is taken by some to indicate a degree of displeasure also with those who have been suggesting that formal arrangements should be made for a minister to undertake her work in her absence.

Mrs Thatcher's decision to retain Lord after his ennoblement Whitelaw as her deputy has had the effect, whether by design or accident, that the Prime Minister's temporary stand-in could not become her successor. No peer has been Prime Minister this century.

The Prime Minister emerged from hospital at the weekend with a new hair-do, proclaiming that she was 101 per cent fit. Yesterday she was visited at Chequers both by Mr Richard Packard, her ophthalmic surgeon and her own doctor, Dr John Henderson, who said afterwards that they had found her right eye "settling down entirely satisfactorily" after Wednesday's retina operation. They said that they had found the Prime Minister in good spirits.

Mrs Thatcher was then driven to the local parish church for morning service, and returned to chequers for a private family lunch.

She spent most of the day resting. Even had she not been ill, there would have been only a little routine work for her to do, and yesterday she did not find it necessary to send for any of her private office staff from Downing Street.

The inquiry, set up in March, reported to the university Senate in June. It recommended that better statistics be kept and said that Exeter should know the performance of state and public school students in their finals.

It also proposed that more effort be put into recruiting students from comprehensive. Representatives of the university should attend conferences,

The public school contingent, which includes a number

Suicide woman kills tourist at Notre Dame

From Our Correspondent Paris

A 25-year-old Frenchwoman who jumped 150ft to her death from a spiral staircase in one of Notre Dame Cathedral's twin towers yesterday also killed a Canadian woman tourist standing on the pavement below.

Two other bystanders were taken to hospital suffering from shock and minor injuries. The Canadian victim, who was 29, had been on a guided tour of the cathedral with her sister. She died instantly and the woman who jumped died later in hospital.

A Spanish tourist who was on the staircase when the woman jumped said that "she was crying and looking very determined".

The Frenchwoman was later identified as Veronique Stalla-Bourdillon and the tourist was named as Joanne Pelletier of Quebec.

University rues its exclusive Sloane Ranger image

By Lucy Hodges, Education Correspondent

Exeter University in Devon is so concerned about its public school image that it has held an inquiry, which recommended that more effort be made to attract students from state schools.

The university, set in beautiful grounds on the outskirts of Exeter, has always been popular with middle class parents who felt that their daughters would be safe there.

But recently its popularity with the public schools has burgeoned and it is even included in The Official Sloane Ranger Handbook as a university with a sizeable number of Sloanes.

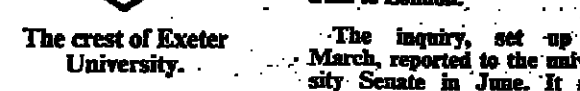
The three-man inquiry,

chaired by Professor John Dancy, former headmaster of Marlborough and a professor of education at the university, found that in the past three years the percentage of students Exeter takes from independent schools had risen from 34 to 37 per cent. The average for all universities is steady at 22 per cent.

There is also public school stereotype at Exeter which is considered obnoxious. "There is a group that is well heeled, flourishes chequebooks around and indulges in vandalism", Professor Ted Wrage, director of the university's education department, said.

"These coves become leading lights in the Federation of Conservative Students. Some time ago they hired a white Rolls-Royce and drove it ostentatiously around the campus to demonstrate that some students have lots of money."

The public school contingent, which includes a number



The crest of Exeter University.

Advertisement for The Children's Society. It features a black and white photograph of a young girl named Sally. The text reads: 'After 3 weeks with Sally, we saw some progress. Growing up in today's world can have a frightening effect on some children. In Sally's case, for example, fear drove her to cover her eyes whenever she left home. We've helped Sally learn to face the outside world, but many other children still need the careful, patient help our homes and day centres provide. Please help us to help more children by sending a donation to: The Church of England Children's Society, Freepost, London SE11 4BR.' Below the text is a form with fields for Name and Address.

Fundraisers from US praise IRA 'courage' during Belfast rally

From Richard Ford, Belfast

The "courage and daring" of the Provisional IRA were praised in west Belfast yesterday by a spokesman for Noraid, the New York-based organization which allegedly raises cash for the terrorists. He was cheered by a crowd of 3,000 republicans.

Mr Martin Flannery, aged 33, defended the IRA strategy, saying it was fighting a legitimate struggle against 30,000 foreign troops and that every nation had the right to defend itself. He would expect Britain to do the same if the Russians invaded.

But he said it was "completely false" to accuse Noraid (Irish Northern Aid Committee) of being a front for the Provisional IRA. Later, however, in a speech to a rally at Andersonstown in west Belfast, he said some men had been recruited "at grave personal risk to themselves, had tried to help to provide the means of defence."

He refused to say how much money Noraid had raised last year, although it is estimated that about £1.2m has been raised since 1970.

Mr Galvin portrayed Noraid as an organization highlighting to the American people the way in which nationalists in Northern Ireland were exploited. The organization, which an American judge ruled in 1981 was a

foreign agent of the IRA, sent money for charitable purposes, and in particular to help the families of Irish political prisoners. He added: "We are a group of US people who simply want to seek peace and friendship... but we recognize that as long as British army terrorism and religious discrimination, Irish people will be divided."

Security forces were on full alert yesterday for a Provisional IRA attack which intelligence sources believed might be mounted to impress the visitors from Noraid.

The Army and police have been told to "exercise maximum precaution" during the next two days leading to the twelfth anniversary of the introduction of internment, which comes after the ending of the Christopher Black "supergrass" trial.

Before making his speech, Mr Galvin marched along the Falls Road accompanied by 12 bands and thousands of people including representatives of the Troops Out Movement from London, Leeds, Birmingham and Edinburgh.

He claimed that British representatives were not interested in meeting Noraid and neither were the widows of husbands who had been murdered in terrorist violence. Mr Galvin said that Noraid had left contact telephone numbers at Provisional Sinn Fein's offices in west Belfast, but no one had been in touch.

Mr Martin Flannery, aged 30, Noraid's co-founder, was acquitted with four others earlier this year of conspiracy to supply the Provisional IRA with machine guns and other equipment.

Earlier this year, Mr Flannery was Grand Marshall of the annual St Patrick's Day Parade in New York.

● An off-duty policeman escaped death on Saturday when a booby-trapped bomb hidden under his car failed to explode as he drove off in the village of Kesh in Co Fermanagh.

● A Roman Catholic priest has offered to mediate to try to secure the release of two people kidnapped by the Irish National Liberation Army. Father Declan Caulfield from Co Mayo said he was concerned for Mr Richard Hill and his daughter Diana, aged 13. They were abducted from their holiday home in the county a week ago in an attempt to persuade Mr Hill's stepson, Henry Kirkpatrick, to withdraw statements he had made implicating 18 people.



Shaping up: Sue Phillips (left), from Deptford, and Kathryn Rogers, from Potters Bar, at a Fitnic, keep fit classes for all, in Battersea Park, London, yesterday. (Photograph: Suresh Karadia).

Weather aids boom in visits English gardens draw crowds

By Derek Harris, Commercial Editor

A summer boom in visits to English gardens, one of the cheaper attractions open to the public, is continuing this year after a rise of 9 per cent last year.

Open-air attractions from wildlife parks to amusement complexes are also benefiting from the good summer weather just as undercover attractions like museums did during the wet spring.

But there is a question mark over how far increased admission charges are affecting visits to historic buildings and other attractions. Admissions to historic buildings and monuments in England last year fell by 1 per cent over 1981, according to the English Tourist Board (ETB).

The average admission charge to historic buildings this summer is 80p, an 11 per cent increase over last year and about double the present rate of inflation. There are now 346 properties charging at least £1, and 38 others are charging £2 or more, according to the board.

Admission charges at monuments administered by the Department of the Environment have not gone up this year, and in the first three months of 1983 admissions were up by 9 per cent.

Up to the end of June this year visits to National Trust properties have also risen by 4 per cent. There have been a variety of admission charge increases but most are less than 5 per cent. Even key properties and attractions usually involve a total cost of rather less than £2.

Some historic buildings did see increases last year. Bowood House, Wilts, had a 45 per cent rise and Chiveden was up 35 per cent. Other increases included Kenwood House (27 per cent),

HISTORIC HOUSES AND CASTLES IN ENGLAND			
	1981	1982	% change
Tower of London	2,088,000	1,895,000	-9
Norman Baithe & Pump Room, Bath	657,000	675,000	+3
State Apartments, Windsor	727,000	658,000	-9
Stonehenge	546,000	531,000	-3
Beaulieu	477,000	502,000	+5
Hampden Court Palace	524,000	467,000	-11
St George's Chapel, Windsor	500,000	451,000	-10
Shakespeare's birthplace, Stratford	490,000	441,000	-10
Anne Hathaway's Cottage, Shottery	328,000	340,000	+4
Windsor Castle	300,000	298,000	-1
Blenheim Palace	340,000	312,000	-8
Salisbury Cathedral	300,000	300,000	0
Royal Pavilion, Brighton	316,000	291,000	-8
Windsor Great Park	174,000	170,000	-2
Croft Hall, Merseyside	201,000	219,000	+9
Curly House	1,680	2,800	+66
Dickens' House	1,740	2,000	+14
Keats House	23,814	23,485	-1
St Paul's Cathedral	2m-3m	2m-3m	0
The Monument	115,535	107,568	-6.8
Westminster Abbey	1,400,000	1,300,000	-7
Battle of Britain Museum	131,000	134,000	+2.3
British Museum	2,805,022	2,868,244	+2.2
Jewel House	1,588,000	1,490,000	-6.2
Tate Gallery	685,168	1,218,102	+76
Victoria and Albert Museum	1,368,460	1,667,071	+21.1
Whitbread Tennis Museum	10,599	22,000	+107.5
Westminster Zoo	517,184	528,000	+2.1
London Zoo	1,053,000	1,028,000	-2.4
HMS Belfast	215,250	220,412	+2.4
Mrs Tussaud's	1,281,265	1,272,215	-0.7
Planetarium	538,277	530,350	-1.5

Leeds Castle (13 per cent), Warwick Castle and its new waxwork attraction (13 per cent) and Croft Hall on Merseyside (9 per cent).

A fall of 1 per cent in admissions, to some 1,265 sightseeing attractions last year is reported by the ETB. This included a drop of 2 per cent.

Increased numbers of tourists from the United States were reported to account for increases this year in visits to attractions such as Shakespeare's birthplace and Anne Hathaway's Cottage. Windsor Castle reports visitor numbers up 10 per cent.

London tourist attractions, which last year had a difficult time, are now in the middle of one of the best seasons for years.

Last year, only three of the top ten attractions saw increases: the British Museum (2.9 million visitors), the Victoria and Albert Museum (1.6 million), and the Tate Gallery (1.2 million).

The tower of London, the top attraction among England's historic buildings, saw a 9 per cent decline in the number of visitors last year. But the Tower, which has held its £3 admission charge to last year's level for the summer, this year reports an improved visitor flow.

English Heritage Monitor 1982: Dept. of English Tourist Board, 4 Grosvenor Gardens, London, SW1W 0DU; £5.

Union vote crucial in leadership poll

By Barrie Clement and John Winder

Mr Michael Meacher is hoping to receive about 77 per cent of constituency Labour Party votes in the deputy leadership elections and Mr Roy Hattersley, the other main contender may win about two-thirds of the votes of MPs. That means that the decisions of the "big battalions" of the union movement are crucial and the subject of sustained lobbying.

The Transport and General Workers' Union (TGWU) has 8 per cent of the votes of the electoral college, which gives 30 per cent each to MPs and local parties and 40 per cent to unions.

The decision of the 600,000 strong National Union of Public Employees (NUPE) will also be crucial. The executive has already recommended Mr Neil Kinnock as leader and Mr Meacher as deputy, although a branch ballot will make the final decision, which will be binding on the union's Labour Party delegation.

The 40-man executive of the TGWU will meet next month and is expected to recommend a candidate to deputize for Mr Kinnock, who is conference has already chosen as leader.

The body, however, has no power to mandate its 51-strong delegation to the Labour Party.

There are camps for both men in the union, but it is thought that the left-wing executive might find unacceptable Mr Hattersley's support for incomes policy and his lack of enthusiasm for unilateral disarmament.

As for the rest of the union movement, Mr Meacher hopes to attract the votes that went to his friend Mr Wedgwood Benn last time, with those of Nupe and the Post Office Engineering Union, which has moved to the left.

Meacher supporters are hoping to pick up the backing of the National Union of Mineworkers, the Union of Construction Allied Trades and Technicians, the Associated Society of Locomotive Engineers and Firemen and the Confederation of Health Service Employees.

The Hattersley camp predicts that a leftist, Kinnock-Meacher ticket will find little support away from the London-based union "barons".

It also points out that he has 7.7 per cent of the union vote "in the bag" from the engineering section of the Amalgamated Union of Engineering Workers, with 85,000 votes, the Union of Communication Workers, with 192,000 votes, and the National Union of Railwaymen, with 160,000 votes.

Mr Dennis Davies, Labour MP for Llanelli, and a contender for the deputy leadership, said last night that there was a danger of the Labour Party being manipulated into a position where it was encouraged to see the deputy leadership election as a "shoot-out at the OK Corral" between Mr Meacher on the left and Mr Hattersley on the right.

● Labour MPs of both right and left were last night discounting reports that the election of Mr Kinnock as leader without Mr Roy Hattersley as deputy would lead to the defection of a large number of Labour MPs to a new centre party seeking alliance with the Social Democrats.

Black votes remained with Labour

By Nicholas Timmins

Black and Asian voters remained overwhelmingly loyal to the Labour Party at the general election and are forming an increasing proportion of Labour's electoral support, a study of the general election suggests.

Whether that can be turned to their advantage in terms of Parliamentary seats and influence within the party is one of the key questions of ethnic politics in the 1980s, Dr Donley Studlar, a visiting fellow at the University of Warwick Department of Politics, says.

Against opinion poll findings before the election which suggested widespread abstention by black Labour voters, Dr Studlar suggests that support for Labour among Asians and blacks may have eroded somewhat, but is still far from the floodtide reached by other groups.

"Although some defections, especially to the Alliance, were observable," Dr Studlar says in an article to be published in *New Community*, "non-whites remained overwhelmingly loyal to the Labour Party." Most continued to vote Labour and be represented by Labour MPs.

"The steadfastness of non-white voters to Labour is remarkable in view of Labour's precipitate decline among most of the electorate in the past 15 years. Even with only about 4 per cent of the total population, non-whites are progressively becoming a larger share of the Labour electoral coalition."

Nazi who built the gas vans

By Stephen Goodwin

Television viewers will tonight see the man who developed the mobile gas chamber after Hitler's extermination squads found themselves in the early war years unable to handle the psychological strain of carrying out the mass execution of Jews by firing squads. SS Colonel Walter Rauff apparently set about his task with unflinching zeal and a prototype gas van was developed in secrecy in a workshop at the colonel's Berlin office.

The van was tested on 40 Russian prisoners before an audience of SS officers at Sachsenhausen concentration camp. The Russians took 10 minutes to die from the exhaust fumes which were funnelled into the van as it trundled along.

The mobile gas chambers took the lives of 200,000 men, women and children. Rauff went on to become SS chief in Milan.

After the war he became a businessman and was able to travel freely from South America to Europe in the 1960s. He now lives in comfortable retirement in Santiago, Chile.

Rauff, one of the top three or four Nazi war criminals still at large, is the subject of a *World in Action* report on Granada Television tonight.

The programme includes an interview with Rauff in which about the only thing he concedes is that he is a lucky man to be living in Chile.

The point is made that although General Pinochet has "deported or exiled 10,000 Chileans," he has turned a deaf ear to pleas for Rauff's extradition.

Rauff did, however, tell the programme that he did not



Top: An SS extermination van. Above: Rauff as he is today and when he was arrested in Milan in 1945.

think he would have to go. After the test at Sachsenhausen the gas vans were deployed at the Polish village of Chelmo. Polish film reconstruction shows the vans were sometimes disguised as Red Cross ambulances. In six months 155,000 Jews are said to have died in Rauff's vans at Chelmo.

The mobile vans were followed by permanent death camps such as Auschwitz. Rauff, who had finished his work in Berlin by July 1942

Race guidelines for prisons attacked

By Peter Evans, Home Affairs Correspondent

New guidance issued to prison staff at the weekend on how to avoid racial conflict in jails was attacked yesterday by Mr Colin Steel, chairman of the Prison Officers' Association.

In the guidelines, the Home Office prison department warns officers against use of words like "coon" or "wog", says religious minorities have the right to practise their faiths and if a newcomer to Britain needs a special diet it should be permitted if resources allow.

The move coincides with a clash last week between black and white prisoners in Wormwood Scrubs B wing. Sixteen men, 11 of them black, have now been removed from the wing.

The Home Office document says separation of racial groups could lead to latent violence.

Mr Steel said: "It sounds as if they wish to have positive discrimination in favour of the black community, which would be even more dangerous than leaving things as they are. If there are individual cases of discrimination against blacks then the prison rules provide for governors to take action."

He feared black activists would use the guidelines to claim they were discriminated against whenever they were disciplined.

Officers would take them as an aspersion on the way they were doing their job. Mr Steel said there should have been proper consultation before making such a document public.

The guidelines, signed by Mr Christopher Train, director general of the prison department, and Mr W. A. Brister, his deputy, have gone to all prisons.

Staff have occasionally been faced with tricky situations involving black prisoners and have been uncertain of their ground, the guidelines say.

They give a warning against pursuing good race relations with undue zeal or making casual decisions in favour of one minority group without considering the effect on others.

"All staff know that they are not allowed to use insulting or abusive language towards prisoners and it is hard to believe that there any who do not appreciate that words like 'nigger', 'wog', or 'coon' are grossly offensive."

But racial groups should not be allowed to opt for particular kinds of work or other activity through the exercise of self-discrimination.

Letters, page 9

Parsons in resignation mystery

Officials at 10 Downing Street were puzzled last night by a report that Sir Anthony Parsons, Mrs Margaret Thatcher's special adviser on foreign affairs, was resigning.

Sir Anthony is understood to be abroad and out of touch with the office. The Prime Minister's staff said that they could neither confirm nor deny the report, which appeared in one Sunday newspaper, that Sir Anthony would give up his part-time post in the autumn.

Mrs Thatcher appointed Sir Anthony last November, soon after his retirement from the Diplomatic Service.

S. Ye. Pre. (S) Sta. Tur. (S) Aqu. Hal. Pret. Stat. Hat. Divk. Stre. Yea. Pret. prof. late. urc. et. fi.

Water leak closes nuclear station

Britain's latest nuclear station, which began feeding electricity into the National Grid eight days ago, has been closed because of a water leak.

But the Central Electricity Generating Board emphasized that the fault did not occur in the Hartlepool plant's nuclear section, which was "functioning perfectly". A spokesman said the fault was in the turbine housing and posed no danger.

The water leak was discovered last Friday and repairs are expected to take a week. Minor alterations will be carried out at the same time.

Hartlepool, an advanced gas-cooled plant, was nine years behind schedule when it started producing electricity last Sunday.

The shut-down is a further blow to the CEBG, which recently admitted that the original £250m cost of the power station had risen to £680m and that it would have to operate at full power for at least 30 years before it covers costs.

The environmental group Friends of the Earth yesterday called for a ban on proposed development of the bird refuge at Seal Sands on the Tees estuary, a 400-acre area near the Hartlepool power station.

Mr Christopher Rose, a member of the group said: "Reclaiming Seal Sands for Petro-chemical complexes would be sheer folly. The whole of Teeside could become one enormous time-bomb."

No government in its right mind would allow reclamation for chemical works right beside a nuclear power station. The atom plant has no effective protection from external blasts and the unscheduled shut-down simply shows the unreliability of complicated technologies."

Seal Sands is in the hands of the Tees and Hartlepool Port Authority.

Privatization report, page 4

Nalgo aims to disrupt private health care

By Our labour reporter

Militant action against the private health sector is being planned by the National and local Government officers' (Nalgo).

The union executive met at the weekend and drew up fresh proposals to disrupt facilities outside the National Health Service.

Nalgo hopes to enlist the help of the other unions in the NHS with amendment to a motion planned for the TUC Congress next month.

The amendment calls on trade unionists to refuse applications for private hospitals and to "black the administration and allocation of private pay beds."

It also urges non-cooperation with the progress of living-off state hospitals and services to private medicine and refusal to cooperate with non-NHS hospitals or any plans which mean job losses.

The amendment seeks to "beef up" a motion already on the preliminary agenda from the National Society of Metal Mechanics, which expresses concern at the growth of private medicine and calls on the next Labour Government to return to the state all privatised facilities.

Mr Geoffrey Drain, general secretary of Nalgo, said yesterday that he was sure that the motion would be passed by the Congress as amended.

"We think our amendment beeps up the motion, it makes it more fundamental. We are against all private growth of privatization," he said.

The executive also voted to support a system allowing all union members to qualify for a seat on the TUC General Council.

Asbestos code may amount to ban

By David Nicholson-Lord

New asbestos restrictions proposed by the International Labour Office in Geneva are so strict that this could make it almost impossible for industry to use any derivative of the mineral.

The code of practice is intended to form the basis of a binding international convention on the handling of asbestos, but sets such rigorous standards for occupational health that some experts believe it could mean a total ban. The ILO denies this, it wants that.

If the convention came into force, and Britain passed legislation to implement it, it could affect industries not so far involved in the controversy, because it proposes to add a form of asbestos known as tremolite to the list of controlled substances.

The three main forms of the mineral recognized as health risks in Britain are crocidolite (blue asbestos), probably the most dangerous and banned for several years, chrysotile (white) and amosite (brown).

Tremolite has not been recognized as a serious hazard in the United Kingdom and was excluded from the Asbestos Regulations 1969, which form the basis of present controls. It is widely used in the rubber and paper industries for smoothing and finishing.

The code has been drafted by an ILO committee and will be vetted by the governing body in November, with publication probably early next year. ILO definitions are widely accepted as benchmarks by member nations.

Controversy has arisen over sections like those on asbestos cement, where the code says dropping or dragging of cement sheets "should be avoided". Woven asbestos materials, it says, should be cut, not torn. It calls for the resealing of rope ends when lengths have been cut from a coil of asbestos rope lagging.

These and other provisions have been condemned as unrealistic by such critics as Mr Douglas Sanderson, national officer with the building workers' union, UCATT, and the official responsible for health and safety.

The dropping of asbestos cement sheets on building sites cannot be avoided, Mr Sanderson believes, and lack of supervision and monitoring means that such provisions "just could not be carried out".

Mrs Nancy Tait, secretary of the Society for the Prevention of Asbestos and Industrial Diseases (SPAID), said: "The code shows just how dangerous asbestos is. To allow its continued use you have to have regulations which are so strict that they cannot be put into practice."

But the claims have been denied by Dr Robert Murray, former medical adviser to the TUC, who helped to draft the code.

Murder claims checked

By Our Crime Reporter

Detectives are searching through files on missing people and reports of unidentified corpses after claims by a man that he has murdered seven or eight vagrants in and around London during the past few years.

He made his claim while being interviewed by police last week on another matter and he has already appeared in court charged with a serious offence.

He told police he had killed the vagrants in various ways, but could not identify his victims. Officers are not sure how seriously to take his claims, but they are checking records to find any details which corroborate his story.

London's vagrants are often known by nicknames, which makes the police's task extremely difficult.

Navy set to show the flag

By Rodney Cowton, Defence Correspondent

Next month and in October the Royal Navy will be showing the flag in the Mediterranean on a scale unprecedented in recent years.

All three British aircraft carriers will be involved. HMS Invincible, accompanied by three escorts and two Royal Fleet Auxiliaries, will pass through on their way to a seven-month deployment in the Far East.

About a week later HMS Hermes and HMS Illustrious, accompanied by two frigates and two Royal Fleet Auxiliaries, will enter the Mediterranean for exercise "Display Determination". Royal Navy Fleet headquarters at Northwood, Middlesex, have confirmed.

They will exercise in the Eastern Mediterranean, first with Greek forces, and then with Turkish forces. Royal Marines will be involved, practising amphibious landings in Turkey. "Display Determination" could turn out to be HMS Hermes' last exercise. She is officially intended to remain in service until 1985-86 when Ark Royal, the new carrier, should be ready for commissioning.

Passport tip for black tourists

Mr Raymond Whitney, Under Secretary of State at the Foreign and Commonwealth Office, said yesterday that it would be "sensible" for black people travelling from Britain to France to carry their passports, at least for the time being.

He was commenting on the action of French authorities in the past few weeks in turning back a number of black people trying to enter France on "no-passport" excursion cards.

These cards enabled people to stay in France for 60 hours.

High Street battle for computer sales

By Jonathan Clare

Three of the biggest high street names are preparing to battle for the hearts and chequebooks of Britain's computer users.

Boots announced last week that it was expanding its home computer business with the intention of becoming the leading retailer. That will bring it into conflict with W. H. Smith, which enjoys the top position, and Dixons, plus many lesser outlets led by names such as Laskys.

Some analysts fear, however, that Boots is moving into retail areas that it does not know well in an attempt to replace its traditional business, which has been lost to the supermarkets.

The battle will be complicated by the changing shape of the market. Rapid technological strides and improving equipment and manufacturers are competing keenly with heavy price-cutting.

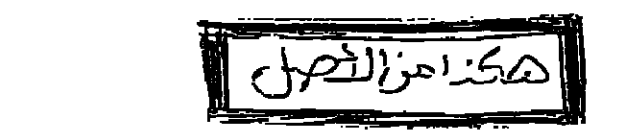
Boots intends that 250 of its biggest stores will have computers, peripheral equipment and an extensive range of software in stock by the end of next month.

Its aim of computer sales of between £25m and £30m next year against a likely £15m to £25m this year will require heavy investment. There will be a full computer department in 32 of its stores, stocking Sinclair Spectrums, Dragon, Commodore and BBC-B computers.

Boots's programme echoes that of W. H. Smith, which also has 250 stores carrying computers, plus three specialist shops and another three due to open next month.

Although the market is growing too fast to measure accurately, according to the Gallup organisation, W. H. Smith has about 16 per cent of the market, Smith believes it has nearer 20 per cent. Boots, and Dixons are thought to have between six per cent and eight per cent each.

Smith is expected to sell between 500,000 and 1,500,000 units this year.



Sudden drop in audience figures worries commercial radio stations

By Richard Evans

Britain's 40 commercial radio stations are the main casualties of a sudden decline in the radio audience, according to new research.

After six years of virtually static listening figures the number of people tuning in to radio for 15 minutes a week has slumped from 92 per cent in the spring of 1982 to a record low level of 87 per cent for the same period this year.

The research, due to be published next week, was commissioned by the Association of Independent Radio Contractors, which is trying to discover if the fall in the number of listeners is real, or due to a new method of assessing radio audiences.

For the first time the research was carried out on a regional basis rather than concentrating on individual stations, and one theory is that people who took part in the survey were con-

fused by the "complicated" new system, failed to reply, and distorted the result.

"One hypothesis is that this has led to the drop, but we are not making that a definite statement until we have carried out this work on the research," Mr James Gordon, chairman of the association's marketing committee, said yesterday.

A slight drop in radio audiences had been expected because the 1982 figures were inflated by public interest in the Falklands conflict. But 87 per cent is also 4 per cent below the figure for 1981.

Another explanation for the drop in listeners is the advent of breakfast television. But the research suggests it only accounted for 15 per cent of the fall.

"At peak times we are still many times the size of TV-am. We think that the general upward trend in radio revenue which had been evident for the last three months will continue," Mr Gordon said.

"The situation this year compared to last is just unbelievable. A lot of the major advertisers are switching part of their budget from television to local radio."

But the commercial stations still fear that advertising revenue will be allocated if the drop in audience is confirmed. They attracted £70m of advertising last year.

A survey by the BBC shows that between June 1982 and June 1983 there was a 9 per cent fall in radio listeners, with the commercial stations the main sufferers.

A group of journalists is planning to revisit the scene of the Great Train Robbery to mark today's twentieth anniversary of probably the most audacious event in Britain's criminal history.

Early on August 8, 1963, the Glasgow-Euston mail train was stopped at a red signal in the Buckinghamshire countryside, and about £2.5m in used bank notes was stolen.

A tiring day out for royalty at Gatcombe Park



Flagging energies: Princess Michael of Kent resting her head on her husband's shoulder during the horse trials.

Across the academic divide: 1

Learning to live with the other half

Mr Tim Devlin, director for the Independent Schools Information Service, recently called on the public schools to open their doors to the wider community, including black pupils and the unemployed. Some public schools, such as Malvern, already have their doors ajar. In two articles, our Education Correspondent Lucy Hodges, looks at an exchange Malvern has arranged with a Wolverhampton comprehensive. St Peter's Collegiate School, where small groups of boys change places for a few days. First, the view from Malvern.

from Malvern, summed up the value of the exchange. "I came with supercilious and socially arrogant ideas of being 'one of them' for three days. To see how the other half lives" said my parents. But these vague phrases of genial superiority gave way to my main desire to see a state school and make new friends."

All the boys from both schools agreed that they had held stereotyped ideas about one another before the exchange and that these had been dispelled.

Laurence Gaine, another sixth-former from Malvern, who had expected the comprehensive to be hostile towards him, was pleasantly surprised.

"I felt that the academic standard would be much lower than that of Malvern", he said. "I thought that the students would be aggressive towards us

going to St Peter's and that they would be a bunch of hooligans with no care as to work and qualifications."

"The students, in the sixth form anyway, were very sociable and pleasant to us. There was no real tension felt and they did seem to care about exams."

However, although the Malvernians said that preconceptions gleaned from such television programmes as *Grange Hill* and *Brookside* had been swept away, and that they were not appalled by anything they saw, they were not, at the same time, particularly impressed with St Peter's.

They did not think the comprehensive, a Church of England school which boasts good academic traditions and uses the cane, was superior in any way to Malvern. Quite the reverse.

Richard Edwards, who like Charles Foster has a father who

is a managing director, commented: "I was surprised by the small size of the school compared to the large number of pupils. The standard of education is certainly higher than average, although I felt that some of the lessons were rather slack and not very profitable."

The Malvern boys, whose parents pay £4,350 a year for their education, came away only too aware of the advantages their families were buying. At the same time they had a new consciousness of the problems faced by the majority in the mainland sector.

One boy told the Rev Ian Ogilvy, the *Guardian*-reading college chaplain who conceived the exchange, that he now understood the meaning of education cuts. Charles Foster summed it up. "It certainly has made me see my privileges and the terrible problems of inner city life."

Tomorrow: the St Peter's boys

Attendance low at horse trials

Captain Mark Phillips will run horse trials at his home at Gatcombe Park, Gloucestershire, again next year - "if everyone thinks it has been successful".

He was not disappointed by Saturday's low attendance, which was about 10,000 fewer than expected. "We have had a nice crowd here, and everyone seemed to have enjoyed themselves, and that is the main point", he said.

The 20,000 crowd was barely enough to enable the event to break even. Croft Original Sherry had provided £10,000 and Captain Phillips put up another £10,000.

As a show director Captain Phillips was clearly a success and Lucinda Green, the British rider, praised his design of the course. "It was formidable in parts, but brilliantly built", she said.

Trials report, page 24

Doctor questioned again over wife

Dr Robert Jones, a general practitioner in Essex, was questioned by police yesterday about alleged discrepancies in his account of his wife's disappearance.

He left his home at Coggeshall, near Colchester, at 10 am with the two detectives in charge of the search for his wife Diane, who has been missing for more than two weeks.

They were Det Supt Michael Ainsley and Det Insp Peter Whent. After knocking at the door, Det Supt Ainsley escorted the doctor to an unmarked car. It was the second time in less than 24 hours that Dr Jones had been interviewed by police. On Saturday night, he was questioned for five hours.

Police refuse to elaborate on why Dr Jones, aged 40, was brought back to the police station yesterday after the previous night's questioning. But a senior detective said: "He is here voluntarily. There are one or two discrepancies which have arisen and need to be sorted out."



Dr Jones: alleged discrepancies in account.

The doctor is due to appear in court next week to face a drink-driving charge. He was detained by police near Maldon, Essex, last Friday night and was given a breath test after his car was involved in a collision.

Seeing pink blamed on computers

By Nicholas Timmins

Patients who complain that the world has developed pink fringes are not necessarily either mad or ill, doctors have been told. They have probably spent too long with a computer.

The warning is given by four doctors from the Northwestern University in Chicago who say the effect is caused by a common type of visual display which uses luminous green characters on a dark background.

After a session at the computer ordinary white letters and lines on a contrasting background appear to have a pink colour, and sheets of white paper, or a white wall, can appear to have pink fringes.

The illusion, the doctors write in the *New England Journal of Medicine*, is known as the McCullough effect, and is a well-known phenomenon. Several hours at a terminal can produce a very striking after effect which can last a day or longer.

The illusion, the doctors say, is harmless. But with the proliferation of home and office computers and increasing attention being paid to possible health hazards from terminals, patients may consult their doctors.

"Physicians should be aware of the phenomenon so as not to mistake it for a hysterical symptom or a manifestation of neurological disease", the doctors say.

Marrow donor returns

Mr Stuart James, a motor mechanic from Hemel Hempstead, Hertfordshire, flew back to Britain on Saturday after trying to save the life of a young American girl.

Mr James, aged 21, returned from New Orleans with his girlfriend, Miss Jenny Quiller. He had given bone marrow to Crystal Beckler, aged eight, who is suffering from leukaemia.

She was not expected to live unless a donor be found whose bone marrow was an exact match to help her wasted blood cells regenerate.

Mr James's bone marrow was the only compatible one of 52,000 donors on the Anthony Nolan Fund register set up in memory of a New Zealand boy who died because a match could not be found to save him.

Mr James said: "I am delighted that Crystal seems to be recovering. The doctors say that the operation has been a success and already she is out of isolation. Only time will tell whether her life has been saved."

He added: "The people there could not have done enough for us. We were only supposed to stay for three weeks but they paid for another fortnight, and even then they did not want to let us go."

Electronics keep cup hope afloat

By Bill Johnstone

Britain's sailing efforts in the America's Cup in Newport, Rhode Island, are being enhanced by the computations of a microcomputer called Perq which continuously monitors the performance of Victory '83 the UK entry.

The device manufactured at Hitchworth, Herts, and Kidsgrove, Staffs, by ICL, Britain's largest computer maker, has been specially fitted on to the tender which accompanies the yacht on its trials.

Details on wind speed, wave height, the direction of the craft and even sail shape are transmitted to the tender by radio after the data has been collected from sensors attached to sail, keel and other monitoring points on the yacht.

The British entry has qualified for the semi-finals of the cup, together with the Australian 11 and those from Italy (Azurra) and Canada (Canada 11). They will take place between August 28 and September 8. The winner will go on to challenge the American team between September 11 and 23.

It is the first time that such an advanced electronic system has been used in the event by the British. The microcomputer system has special software (computer programs), which allow the yacht to alter tack almost immediately to make the best use of the craft's performance.

The team's meteorologists can also use the data which has been gathered during the trials to assess how the craft will perform in particular weather.

Poor bags of grouse in prospect

By Hugh Clayton

The Saudi Arabian royal family has cancelled a shooting holiday in Britain for a party of eight because of poor grouse prospects, Mr David Patmore, a York travel agent who arranged their trip, said yesterday.

Forecasts of poor bags mean that some estates will postpone the start of shooting for several days after the "glorious twelfth" on Friday.

Although disappointing for many, the coming poor season will give rich research material for scientists.

The decline in numbers of game like hare and grey partridge has increased the economic importance of more resilient quarry species such as grouse and pheasant. Research suggests that minute worms may play a key role in the periodic "crashes" in grouse numbers.

The worms, which cause a disease called strongylosis, depend on passing through the gut of a bird for the success of their life-cycle. Worm-infested birds are weakened and hatch fewer eggs than their healthy counterparts.

British Caledonian and the commuter airline Genair have joined forces to try to get the first grouse of the season to a dining table in the south. Mr Anthony Marsden of British Caledonian is flying to Teesside on Thursday and will be on the Yorkshire moors at first light on the Friday. He will then rush 27 miles by car to Teesside airport to catch the first Genair service to Gatwick, leaving at 6.55am and due to land two hours later.

Road threatens 'marvellous' wet moorland

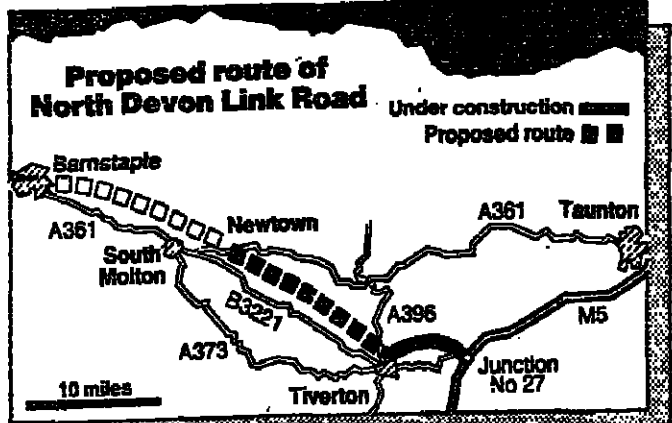
By Craig Seton

An area of Devon heath designated a site of special scientific interest only two years ago because of its rich plant and animal life is threatened by the proposed new north Devon link road, according to conservationists.

They say a 15-mile section of new road, from Tiverton to Newtown, near South Molton, will bisect the 350-acre site at Haresdown and Knowstone Moor. They will oppose the route at a public inquiry later this year.

The £27m section is part of the plan for a link road to carry traffic from the M5 east of Tiverton, through to Barnstaple.

Miss Caroline Steel, of the Devon Trust for Nature

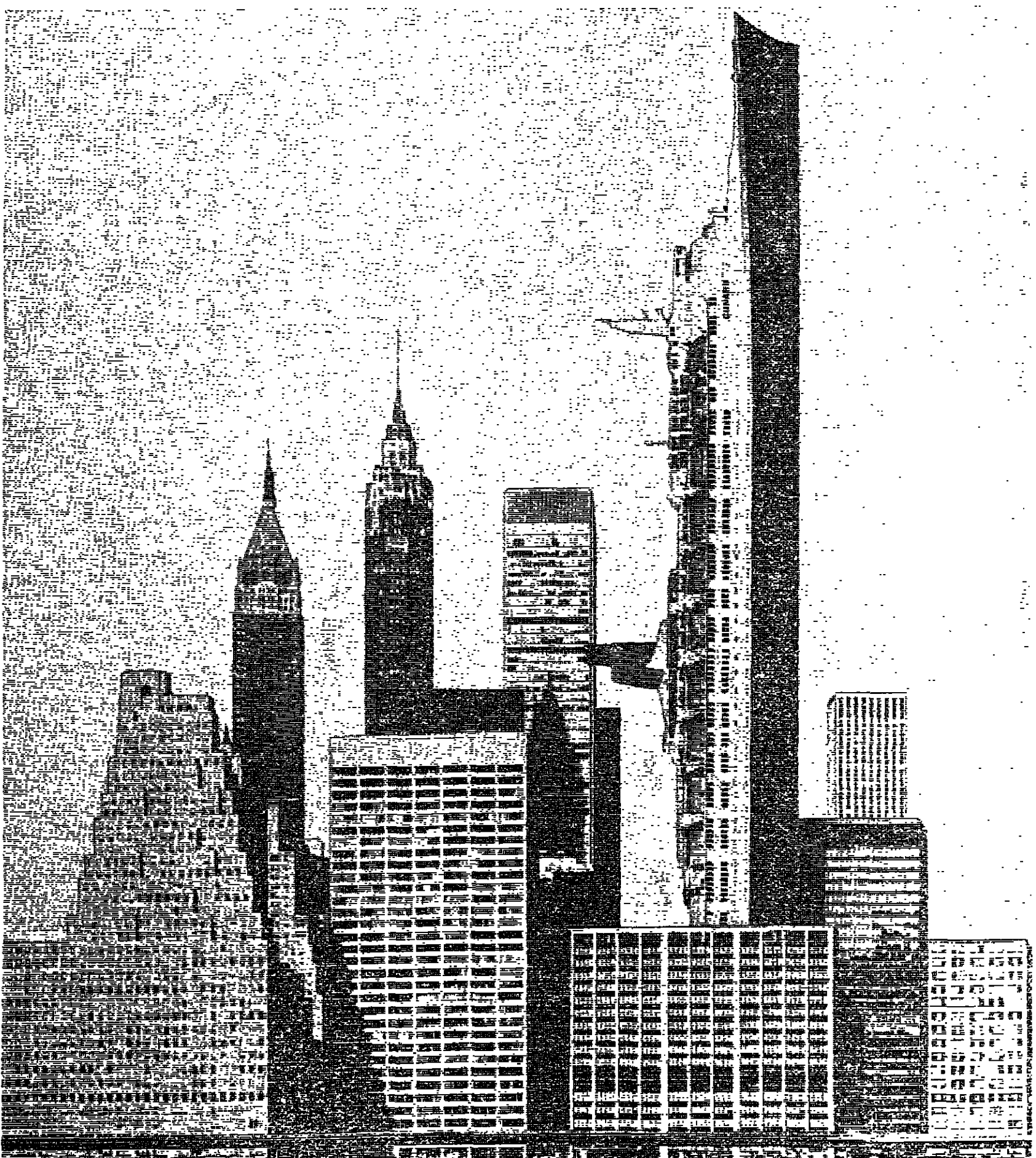


Conservation, said: "This is a marvellous area. It is wet moorland with a tremendous range of bog plants, butterflies, and breeding birds, such as the curlew. The road would destroy a large part of it."

Mr John Lamerton, assistant regional officer for the Nature Conservancy Council, described the site as of "national importance", and

said it was essential to alter the proposed route of the road, possibly by taking it south.

The area has 116 plant species, including the pale butterwort, white beak sedge and bog pimpernel. Butterflies include the marbled white, and the small, pearl-bordered fritillary. Woodcock, jacksnipe and nightjar are among the birdlife.



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QUEEN ELIZABETH 2

Government told costs will rise if it privatizes building design

By Staff Reporters

Government plans to use private companies to design its buildings could cost the taxpayer 20 per cent more than using civil servants, according to a report which was presented to ministers last year but has only just been made public.

The Report of the Working Group on Design Costs was jointly commissioned in 1981 by the Property Services Agency, which is responsible for government buildings, and by the Treasury, after Mr Michael Heseltine, then Secretary of State for the Environment, announced plans to privatize more design work.

Under the plans nearly two thirds of the design work of the Property Services Agency (PSA) would be farmed out, instead of just over one third. The staff of 2,500 architects, surveyors and engineers would be cut by 900.

The report from the working group, which reached Mr Heseltine last October, showed, however, that design costs in the four years to 1981 would have been a third more with the privatization scheme.

In the financial year 1980-81 design work done by the PSA which cost £47.7m would have cost £66.6m if farmed out to contractors: in the four years to 1981, the respective costs would have been £144.4m and £211.2m.



Mission accomplished: Sun Tianqin, the Chinese defector, with his MIG 21 at a military base near Seoul.

Seoul air alert as pilot defects

Seoul (Reuters) - The pilot of a Chinese MIG21 defected to South Korea yesterday setting off an air raid warning and arousing fears that the country was under air attack from North Korea.

The Defence Ministry said South Korean aircraft scrambled and escorted the Chinese aircraft to an unnamed air base where the pilot, the fourth to defect from China, was being questioned.

He was later identified as Sun Tianqin, aged 46, of China's test air wing. South Korean authorities said he immediately asked to be sent to a third country.

Yesterday's air raid warnings came two days after South Korea said it had sunk a North Korean spy ship off its east coast, killing five commandos on board.

A Defence Ministry spokesman said another North Korean vessel escaped.

Analysts said the sinking, which came nine days after the signing of the Korean War armistice, showed how precarious the ceasefire was between South and North.

S African reforms face bitter fight from MPs today

From Ray Kennedy, Johannesburg

The curtain will rise today on the most bitter political debate since the Nationalist Party came to power 35 years ago - the Government's plan for constitutional reform which will give the country its first multiracial Parliament.

After a five-week recess the reassembling for possibly the last time for the debate on the third reading of the Reform Bill.

The official Opposition, the Progressive Federal Party, which considers the reforms grossly inadequate because they exclude black Africans, and the Conservative Party, which has condemned them as political suicide which will destroy white self-determination, will fight the measure clause by clause.

However, the Government is determined to complete its work within a month.

Today MPs will be presented with the report of an all-party select committee which has been considering the Bill during the recess. It was empowered to suggest amendments but not to propose changes to the principles established by the second reading, particularly the Opposition's demand for a fourth chamber of Parliament for blacks.

The Bill at present provides for a Parliament divided into three chambers, one each for the 4.5 million whites, 2.7 million mixed race coloureds and 850,000 Asians. But it ensures that ultimate power remains in white hands through the office of a powerful executive president chosen by a white-dominated electoral college.

The furious debate on the plan has continued outside Parliament throughout the recess with the most significant development being the emergence of a split in the ranks of the Broederbond, the powerful Afrikaner secret society which is

Dr Treurnicht argues that the President would be solely empowered to choose the Cabinet and if he chose he could appoint an entire Cabinet from outside the three Parliaments which was not responsible to the voters.

The Association of Chambers of Commerce, the country's leading business organization, has also urged that the President's powers be limited. It says he should not have absolute power to decide what matters should be designated "own affairs" of one of the three Parliaments, or "general affairs" relating to all of them, because of the risk of him being held responsible for wrong or bad decisions.

The reform plan will have its final fate in a referendum for which a date has yet to be fixed.

Threatened counties fight back

By David Walker, Local Government Correspondent

Leaders of the threatened metropolitan counties are stepping up their campaign to secure the backing of local industrialists and business executives for the counties' survival.

They are encouraged by the recent admission by the Confederation of British Industry that the weights and measures and consumer protection work now done by the counties must remain a county responsibility.

The CBI's submission to the Department of the Environment on the future of the metropolitan counties pressed for county-wide authorities for waste disposal, passenger transport, airports and strategic planning as well as consumer protection.

"The major task of the consumer protection services is the enforcement of national trading standards legislation", the CBI said.

New leads in hunt for girl's killer

By Staff Reporters

Fresh leads are being investigated throughout Britain by detectives seeking the killer of Caroline Hogg, aged five. More than 100 people telephoned with information after the publication of two artist's impressions of a man or men the police want to interview.

Edinburgh detectives are also waiting for video film to be flown from Australia. It was taken on the promenade, Portobello, near the girl's home, on July 8, the night she disappeared, by an ex-Scot who now lives with her husband near Melbourne.

Correction

The first seven colleges and results in the Nottingham table of Oxford final examinations on Saturday should have read:

	Max	Per	Pos
	pts	cent	
St John's	218	300	72.7 (40)
St Catharine's	215	305	70.5 (39)
Balcan	247	381	70.4 (40)
University	215	305	70.5 (39)
Lincoln	158	225	70.2 (41)
Hertford	208	288	72.1 (38)
Totals (unweighted)	5376	7814	67.9 ave
(Last year's position in brackets)			

Sun 'made up' interview with widow of VC

A "world exclusive" interview which *The Sun* claimed to have had with Mrs Marica McKay, widow of Sergeant Ian McKay, who was posthumously awarded the Victoria Cross after his death in the Falklands campaign, never took place, the Press Council says today. It was a deplorable, insensitive deception on the public, the council adds.

Mrs McKay, who cooperated in the council's investigation, denied giving any interview for the story, by John Kay of *The Sun* defence staff. She said some remarks attributed to her were totally untrue.

Mr Kenneth Donlan, *The Sun*'s managing editor, said the *Daily Mirror* had had Mrs McKay "under its protection" and refused to let her talk to other reporters. The story was put together from previous quotations and an interview with the parents of her late husband.

The Press Council upheld a complaint by Mrs Caroline Metcalfe, of Horn Lane, Woodford Green, Essex, that the newspaper published a fabricated interview, called a world exclusive, with Mrs McKay, which was a deception of its readers.

The *Sun* two-page spread featured interviews with the widow of Lieutenant Colonel H Jones and Sergeant McKay under a sub-heading: "World exclusive: Pride and the heart-break of two VC's widows".

The report complained of being: "VC's widow Marica McKay fought back her tears last night and said: 'I'm so proud of Ian. His name will remain a legend in the history books for ever'".

Eleven days later, under the headline "The Sun sinks even lower", the *Daily Mirror*'s comment column said: "The *Sun* is a lying newspaper... Mrs McKay was in London at the time of the 'interview'. She did not speak to *The Sun*."

Mrs Metcalfe told the Press Council that either *The Sun* or the *Daily Mirror* was lying and complained against *The Sun*. She said she had no independent evidence, but suggested

penetrating South Korean air space.

A similar warning was sounded in May when a Chinese airliner suddenly appeared over South Korea after being hijacked by six Chinese on a domestic flight. The six are now on trial here.

The last Chinese Air Force pilot to defect to South Korea was Captain Wu Yung-ken, aged 25, who flew his MiG 19 here in October. He was later granted political asylum in Taiwan where he received £1.7m in gold and became a major in the Nationalist air force.

A North Korean pilot flew a MiG19 to the South in February, the seventh North Korean pilot to defect here since the peninsula was divided at the end of the Second World War.

as political refugees. The South Koreans could use this to put pressure on China to improve relations with them, something the South Koreans want very much as a guarantee against invasion from the North.

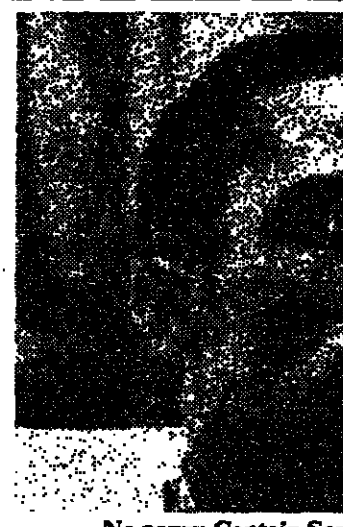
South Korea cooperated willingly with China in returning passengers and crew of the airliner and it has also granted China overflight rights for its services to Japan. But China is still unwilling to improve its links with South Korea for fear of driving North Korea's President Kim Il Sung closer to the Soviet Union.

● PEKING: If the Chinese hijackers who seized an airliner in May do not receive heavy sentences, China fears there may be further hijackings (David Bonavia writes).

The hijackers have claimed right of resettlement in Taiwan

Volta leader tries to allay fears

Abidjan, Ivory Coast (Reuters) - Captain Thomas Sankara, Upper Volta's new leftist military leader, has pledged support for all liberation movements but has sought to allay fears that his regime will be a destabilizing influence in West Africa.



No paws: Captain Sankara, the coup leader.

Diplomatic sources in Abidjan told Reuters that Captain Sankara had briefed diplomats in Ouagadougou on Saturday, emphasizing that his new National Revolutionary Council would play a more active part in the non-aligned movement.

Captain Sankara said the new authorities wished to "extend a fraternal hand to all Upper Volta's neighbours," the sources said. He also wanted to reassure pro-Western countries, such as Ivory Coast, in case they feared the new leftist regime could be a disruptive factor in West Africa.

paratroop commander, overthrew the moderate President Jean-Baptiste Ouédraogo in a coup on Thursday.

Colonel Gaddafi, the Libyan leader congratulated Captain Sankara on Saturday over the "revolutionary uprising". But in an interview with a French radio station the same day Captain Sankara said he was no pawn in Colonel Gaddafi's hands.

US sends Awacs to Chad

Washington, which has declared its "strong strategic interest" in preventing further military intervention in Africa by Colonel Gaddafi, the Libyan leader, announced at the weekend the dispatch of fighter and reconnaissance aircraft to support Chad against Libyan-backed forces.

A State Department communiqué said: "After consultations with several governments, including the French, we have moved some of our aircraft to where they could be most useful in monitoring the situation in Chad."

America has sent two Awacs electronic surveillance aircraft, with an F15 fighter escort, aerial tankers, and other reconnaissance aircraft. According to one Administration source quoted yesterday the aircraft would operate from Sudan, to the east of Chad. The US has been steadily increasing its ties with Sudan in recent years.

An Administration official described the situation on the ground as "grim", with Libyan tanks driving south. It was believed that Libyan troops and Libyan-backed rebel forces were close to Faya-Largeau, in northern Chad.

Awacs carry radar and other electronic equipment which enables crews to monitor aerial battles and to guide fighters and bombers to targets in the air.

● PARIS: Chad forces have shot down a Libyan aircraft over Faya Largeau and captured its pilot, the Chad Embassy said (Reuters reports).

Nigeria result likely to be close

Lagos (Reuters) - Results in the Nigerian presidential election started to filter into Lagos yesterday but electoral officials said none would be announced until all had been received and the outcome is unlikely to be known before tonight.

There were no firm pointers although the main parties were eager to tell of areas where they believed success was in sight.

The result is likely to be close between incumbent President Shibu Shagari of the National Party and Chief Obafemi Awolowo of the Unity Party.

The election did not pass without problems of organization, and at least three of the six parties involved have complained formally to the Federal Electoral Commission about alleged irregularities.

Mr Victor Ovie-Whitsey, the commission's chairman, said that one incident being investigated occurred in Cross River State in the east.

He said it had been alleged that Mrs Helen Ezenne, who was dismissed as a commission official last week when it was discovered her husband was the Unity Party candidate for Governor, seized the papers and refused to give them up. Mr Ovie-Whitsey said voters' rights would be protected, but did not say how.

The independent *Guardian* newspaper called the prevailing calm remarkable, and other newspapers were similarly congratulatory.

Europe's wine prospects: Part 4

Spain alarmed by bumper harvest

In the final article on European wine, HARRY DEBELIUS reports from Madrid on the prospects for the 1983 harvest in Spain.

The Spanish Government takes little comfort from the prospect that the country's vineyards will produce enough must to make about 850 million gallons of wine this year despite the prolonged drought.

Agriculture Ministry officials are disturbed by the prospect of the predicted crop, since there is a price support programme under which the state buys surplus wine for distillation into alcohol for general use. The bigger the crop, the more subsidies have to be paid out.

Theoretically the drought which has scoured much of Spain for more than three years should have led to a smaller crop. The quantity expected, however, reflects the results of planting new vineyards in the 1970s, since the vines do not generally become fully productive until four to seven years after planting. The quantity also testifies to the existence of some unauthorized vineyards and to the fact that a small percentage of Spanish farmers occasionally irrigate their crop,



Bishop Tutu predicts Soweto-type violence

Vancouver (Reuters) - Bishop Desmond Tutu said here that conditions in South Africa were very volatile and he would not be surprised by another explosion of violence like that in Soweto when hundreds of people died in 1976.

Bishop Tutu, an Anglican and Secretary-General of the South African Council of Churches, also told a news conference on Saturday that the Government appeared to be having some success with its apartheid policies.

The South African Government, which confiscated Bishop Tutu's passport in 1981, two weeks ago abruptly gave him permission to attend the assembly of the World Council of Churches here. He was also allowed to attend church conferences in the United States and New Zealand.

The Bishop described conditions in South Africa as "very volatile" when asked to comment on the killing of several black protesters and the wounding of many others in a clash with police on Thursday in Mdetantsane, the largest black community after Soweto.

"We appear to have a surface calm where the authorities seem to have everything under control", the Bishop said. "But I would not be surprised at all if I learnt there was another explosion along the lines of June 1976."

He said the Government appeared to be enjoying success with such apartheid goals as "denationalizing of blacks" and "the uprooting and dumping of people in places such as the Ciskei (the nominally-independent black homeland)". Future trouble was probably more likely in impoverished rural areas "where people would kill because they wanted to eat".

● CASTELGANDOLFO: The Pope yesterday offered a short prayer in communion with the World Council of Churches for Christian Unity (AP reports).

Reagan policy under attack

A draft statement on human rights condemning US policy in Central America was presented yesterday to the assembly of the World Council of Churches. Delegates will vote today on the draft, which praises what it calls Nicaragua's life-affirming achievements and urges American churches to intensify efforts to change Reagan policy.



Mgr Milingo: Too radical for the Vatican.

Case closes on Lusaka archbishop

From Peter Nichols, Rome

The case of Archbishop Emmanuel Milingo seems closed for the moment with his resignation from the See of Lusaka, Zambia, and his acceptance of an official post in the Pontifical Commission for Tourism and Spreading the Faith to Immigrants.

Mgr Milingo, aged 53, was called to Rome in April, 1982. He had been archbishop since 1969 and was supposed to have been one of the guiding figures in the Roman Catholic Church's attempt at expressing Christianity through traditional African ideas and practices.

As the archbishop himself sees now, the ideas raised by his views about Roman Catholicism in Africa, and the church is growing, are regarded in Rome as too radical. He has also raised difficulties with his faith healing and exorcism.

Since being summoned to Rome he has undergone medical tests and had courses of theological reading. It is clear that the Vatican's objection to his work was theological as well as traditional.

Jail term for Israeli ex-minister

Tel Aviv (Reuters) - The Israeli Supreme Court has sentenced a former Cabinet minister to three months' jail for appropriating public funds.

Mr Aharon Abuhazera, leader of the Tami Coalition Party which controls the seats to the government coalition, was jailed after the Supreme Court upheld a prosecution appeal against a suspended sentence imposed last year.

It was not immediately clear whether Mr Abuhazera would resign from parliament. Under Israeli law, an MP can be forced to give up his seat only if he is sentenced to more than a year in jail.

Hiroshima plea against Bomb

Hiroshima (Reuters) - Mr Takahashi, the mayor of Hiroshima, renewed a call for nuclear disarmament as the city marked the 38th anniversary of the world's first atomic bombing. He addressed about 50,000 people at a memorial service for the estimated 151,000 victims of the 1945 attack.

Anti-nuclear protesters remembered Hiroshima in peaceful demonstrations in 60 cities across the United States.

Genghis recalled

Peking (Reuters) - Mongol herdsmen were among 1,000 people who staged a memorial service at the tomb of Genghis Khan, the warrior whose oppressive empire once stretched from China to the gates of Europe.

Seychelles poll

Victoria, Seychelles (Reuters) - Seychelles voters went to the polls yesterday to elect a new People's Assembly. Only candidates from President Albert René's party were allowed to stand.

No contest

Los Angeles (Reuters) - Victor Korchnoi, the defuncting Soviet chess grandmaster, was declared the winner of the semi-final candidates match in Pasadena after Gary Kasparov, of the Soviet Union failed to appear.

Treasure trove

South Wellfleet, Massachusetts (AP) - A treasure hunter claims to have found an English ship that sank off Cape Cod in 1717 with what may be \$200m (£133m) in gold, silver and jewels.

Premier better

Louvain (AP) - Mr Wilfried Martens the Belgian Prime Minister, was recovering satisfactorily yesterday, 48 hours after he underwent open heart surgery. He is 47.

149 lost at sea

Jakarta (AP) - Two boats, one a cargo vessel loaded with passengers and the other a ferry tank in separate accidents in the Java sea and at least 149 people are missing.

سكوا من الأصل

Jayewardene claims he has thwarted scheme to set up a dictatorship

From Michael Hamulya Colombo

President Junius Jayewardene sits in his upper middle-class house in the elite Cinnamon Gardens area of Colombo and somberly reflects on the ruins of the commercial centre of the city.

Despite the spasm of race hatred which has left 300 people dead and countless homes and businesses destroyed he takes some grim satisfaction from the fact that the fit is over and the institutions of Government are still in place. "You see, you people think it was just a riot. It was not," he said justly. "It was a revolution."

He feels like a man who has prevented George Washington from carrying through the American revolution or stopped Lenin in his tracks. For he has no doubt that the riot was part of a plan to topple him from power and install a left-wing military dictatorship.

The wily President, who made himself both head of Government and head of state when he amended the constitution soon after he came to power, has won every election since. His most recent success was in the referendum which extended the life of the present parliament for another six years, keeping him and his party in power until 1989 - short of a military coup.

The pattern of Sinhalese-Tamil race riots in Colombo is of a brief and vicious flare-up, a rigorous curfew and a sudden dying-down. This time there was no dying-down, for many days.

This time, the Government detected plain signs of deliberate organization. The rioters, seeking out Tamil homes and burning them, had a particularly detailed knowledge of who lived where and who owned what.

The Government's information came from inside the Janata Vimukti Peramuna (JVP), the People's Liberation Front, which 12 years ago led an armed insurrection against the Government of Mr Sirimavo Bandaranaike. In that insurrection 1,200 people died, and the Prime Minister sought military assistance from her neighbours.

"In that conclusion, a breakdown of law and order, dissidents in the armed forces Tiger terrorists caused an instant reaction by the 1,200 members of the services stationed like an army of occupation in the town.

Two separate incidents, at least, are attested to by witnesses. In one, a bus in Manipay, about six miles outside Jaffna, was stopped at 7am by a squad of troops. The young men on the bus were separated from the rest of the passengers, lined up and shot. Six died, according to reports.

In the other incident, troops near the scene of the ambush found a house which did not have its shutters drawn, and fired through the windows. "They killed a man, aged 83, who was asleep in bed, and also shot his son, who approached the soldiers with his hands up.

Witnesses at the house said pools of blood surrounded the bed in which the old man lay. His widow was not permitted to bury him until Wednesday, when the curfew was relaxed.

Yesterday, Tamil United Liberation Front MPs met in special session in Vavuniya to decide their attitude to the sixth amendment to the constitution, which makes it unlawful to espouse Tamil separatism.

They decided to continue their boycott of Parliament, and will not appear later this week when the session resumes. They will not, therefore, take the oath of loyalty to the unitary state of Sri Lanka prescribed in the amendment. In the meantime, they have referred to their politburo, a committee of senior members, the question of what to do next.

A positive sign that Sri Lanka is returning to normal came yesterday with the announcement that the curfew which has been imposed for the past fortnight will begin at a later hour from tonight.



President Jayewardene: "It was a revolution"

and police would say: "The Government cannot govern. We are taking over," and that's the end of one chapter."

The President - known to everyone throughout the island state as "J.R." - clearly finds his perch on his democratic throne uneasy. Though he affirms that "you can't take over and keep an army in power unless the people are with you," he is plainly anxious about left-wing infiltration of the armed forces, and also about the effect of the continuing Tamil terrorist action in the north.

He thinks that another mistake was not to outlaw talk of separatism as soon as it appeared, for he has been made to appear dangerously soft on Tamil to the hardliners in his own Cabinet and in the armed services. He has, in fact, done much towards satisfying Tamil aspirations.

He has prompted action to make Tamil an official language of the country, the devolution of central powers to district councils and the solution of a bitter dispute over admission to universities. He would have done more, he says. He would propose at the round-table conference convened earlier last month that if the Tamil United Liberation Front (TULF) would withdraw, or at least postpone, a demand for the independence of Eelam, the Tamil-inhabited area in the north and east of the country, other blessings would follow.

Mrs Bandaranaike locked the rebels up. But in 1977 the electorate did what the JVP had

been unable to remove her from office. Mr Jayewardene, the new Prime Minister, opened the jail door to the JVP leaders.

"I wanted to give them a chance in the democratic arena," he said ruefully. He smiled: "Looking back, it looks as though I made a mistake."

According to the President the idea was for the revolutionaries to capitalize on the ill feelings between Sinhalese and Tamils, then to create ill feeling between Sinhalese and Muslims. There were a few attacks but not successful, he said. They also hoped to store up ill feelings between Buddhists and Christians. Again there were a few attacks, but not successful.

If they had succeeded, there would have been by this time a fairly general conflagration. Then he said they aimed to attack the food stores and to destroy the food supplies.

"But," he said sadly, "the TULF boycotted the talks. When, therefore, mayhem came to the streets and with the Army retive, he took the opportunity to take tough measures against separatism. To the outsider it looked as though he were being unreasonably hard on the Tamil population, but, as he put it: "The Tamils were the victims. I had to protect them. I knew any words of conciliation or advice to the rioters were useless."

"My purpose was to destroy any backing the political leaders of the riot had - any mass backing, which we have done."

The result was the sixth amendment to the constitution, which passed through Parliament on Thursday, depriving people of their civil rights, property and much else if they publicly espoused the cause of a separate state.

The amendment is tantamount to proscribing the TULF and it remains to be seen how the party will react. It would be pleasant to think that the TULF would adapt to the new situation, and continue to work within the democratic system, but experience has shown that whenever moderates come forward within the Tamil community the terrorists drive them back.

"Before there can be any progress, terrorism must be eliminated," the President said.

Post-Falklands Argentina: Part 1: Public prefers the peaceful path

In the first of two articles on Argentine thinking on the Falklands, our Buenos Aires correspondent, ANDREW THOMPSON, examines the mood of politicians and the public.

On current form, the forthcoming elections here will begin to change attitudes over the Falkland Islands dispute. The polls will be held on October 30, and a new civilian government will be in place by the end of January, 1984.

Argentine politicians are convinced that the return to constitutional rule is a vital precondition for the formulation of credible foreign policy. "After seven years of military rule, we are going to have to rebuild our international relations at all levels," said Señora Elsa Kelly, a foreign relations expert of the Radical Party.

Señora Kelly recognizes that the country's chronic political instability, with its history of coup and foreign policy U-turns, has damaged its ability to act seriously in the international arena.

She flatly rejects the familiar argument of successive military governments: "In my party, we don't believe that our country's had international image is caused by an anti-Argentine campaign," she insists. The first priority, she says, is to reestablish the rule of law within the country, and

thereafter formulate domestic and foreign policies which are democratic, in that they will reflect the desires of the majority of Argentines.

When it comes to analysing last year's war, the politicians are at a disadvantage, because there has still been no full domestic post-mortem. The Argentine version of the Franks Commission report has yet to be produced. The Inter-forces commission, presided over by retired General Benjamin Rattach, is completing its investigations, but it is doubtful if it will be published in full. Most politicians are convinced, in any case, that the next congress will organize its own investigation.

Despite this, there is a willingness to reexamine and reinterpret the historical record. Señor Leopoldo Tettamanti, a former ambassador and Foreign Ministry official belonging to the Peronist Party, is convinced that "both the Argentine and the British people saw last year's war, which cut short so many young lives, with horror. It is not yet the right moment to analyse the responsibilities of both governments, but certainly, none of them is free from blame."

In Señor Tettamanti's view, the Galtieri regime was guilty of "taking the country into an imprudent war, in both political and military terms". Britain, on the other hand, was guilty of "insisting on maintaining control of part of our territory". Now, he says, "it is time to think of the future."

One of the key factors in determining Argentina's position in the future is public opinion, which the politicians say has been ignored or manipulated by military regimes. Surprisingly, there have been few opinion polls on the issue of the South Atlantic. Nevertheless, the indications are that the majority of the population continues to demand sovereignty over the Falkland Islands, and wants it achieved by peaceful negotiations.

The next government, the politicians are convinced, needs to demonstrate to Argentine public opinion - and not least to the armed forces - that democracy and peaceful diplomacy can achieve successes in the South Atlantic where the Galtieri brand of militarism could not. The focus of the current debate is therefore how to get the British Government to agree to serious negotiations.

Tomorrow: A formal cessation of hostilities

Zanu to rule forever, says Mugabe

Harare (AP) - Mr Robert Mugabe, the Prime Minister of Zimbabwe, marked the founding of his ruling Zanu party's 20th anniversary yesterday with a renewed pledge to create a one-party state.

Mr Mugabe told several thousand cheering supporters in Harare's Parliament Square: "A one-party state is what we want, and that it shall be."

He said Zanu should govern "forever", and when Zanu became the only party only card-carrying members would be allowed as MPs.

UAE envoy to be reappointed

After a delay of nearly three months, the reappointment of Mr Muhammad Mahdi Al-Tajir as Ambassador of the United Arab Emirates in London is expected to be announced shortly (Rodney Lowton writes).

Mr Al-Tajir was Ambassador in London for 10 years until he resigned last year. In May, when letters of credence for his reappointment were presented, they were rejected by the Foreign Office.

Fans fight

Calais (AFP) - Several people were injured at Guines here on Saturday in a fight between English and French football supporters after a "friendly" match between Calais of the French third division and English second division team Crystal Palace.

Off the track

Hockenheim (Reuters) - Andrea de Cesaris, the Italian racing driver, was fined £3,300 on Saturday after he caused two accidents and knocked down a policeman on his way to practice for the West German grand prix. Race report, page 23

No strike

Toronto (Reuters) - The New York Yankees baseball star Dave Winfield will not be prosecuted for accidentally killing a seagull with a warm-up throw during a game against the Toronto Blue Jays, a Toronto prosecutor has decided.

Lest we forget

Nieuwpoort, Belgium (AP) - Hundreds of veterans from several nations including Britain took part in a ceremony commemorating those who died in the trenches here during the First World War.

Sri Lanka troops went on rampage

From Our Own Correspondent, Colombo (censored)

Details are emerging of the events of Sunday July 24, when members of the Sri Lankan armed forces stationed in Jaffna, in the north of the country, went on the rampage and killed a number of innocent Tamils after the ambush in which 13 soldiers died.

The government spokesman, Mr Douglas Liyanae, admitted that 20 civilians had been killed in Jaffna, but reports from the town indicate that the number of deaths may be higher.

There are still a number of residents in hospital being treated for bullet wounds received that day. A statement signed by Mr Appapillai Amirthalingam, secretary of the Tamil United Liberation Front, said: "Almost 40 people were gunned down by army personnel in the streets and in their homes."

According to residents of Jaffna, which is 95 per cent Tamil, the ambush by Tamil

bury him until Wednesday, when the curfew was relaxed.

They decided to continue their boycott of Parliament, and will not appear later this week when the session resumes. They will not, therefore, take the oath of loyalty to the unitary state of Sri Lanka prescribed in the amendment. In the meantime, they have referred to their politburo, a committee of senior members, the question of what to do next.

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End of the line: A 16½-ft great white shark weighing 3,000lb caught at Mystic, Connecticut at the weekend by two charter boat captains after 10 hours.

Bomb explodes at American base

Ramstein Air Base, West Germany (Reuters) - A bomb exploded outside a United States Air Force base early yesterday and more than 160 anti-nuclear demonstrators were arrested at Europe's biggest military air show here.

The bomb, at the Fahn air base 75 miles from here, caused damage estimated by police at Dm200,000 (£50,000). No one was injured. It exploded a few hours before the start of the Ramstein international air show, attended by an estimated half a million people.

A West German police spokesman said about 60 demonstrators opposing the planned deployment of US medium-range nuclear missiles in West Germany were arrested. Heavy security prevented a planned blockade of the runway and five protesters were arrested when they tried to break through. Spectators applauded police and spat

Four arrested for anti-Mafia chief's murder

Palermo (Reuters) - Police have arrested four people in connexion with the car bomb murder a week ago of one of Sicily's top anti-Mafia prosecutors.

A leading Sicilian businessman has also been given a formal warning that he is under investigation for alleged involvement in a criminal association.

The arrests were linked to the July 29 murder of Signor Rocco Chinnici, aged 58, a magistrate. The warning to Ignazio Salvo, aged 52, a wealthy and influential Sicilian with interests in agriculture, tourism and building, was not directly related to the killing, sources said.



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Professor offers Russia balm for Reagan rhetoric

From Our Own Correspondent Moscow

An American university professor yesterday urged readers of the newspaper *Sovetskaya Rossiya* not to take President Reagan's attacks on the Soviet Union literally.

Professor Richard Delgado, identified as professor of law at Seattle, Washington state, said that Mr Reagan's description of the Soviet Union as "the embodiment of evil" had come in a speech to a religious group early in his election campaign.

"Most probably his remarks were metaphorical and religious in character, rather than military and political," Professor Delgado wrote. He said that most Americans disapproved of such tough language, and wanted the Reagan Administration to improve relations

Andropov postpones summer break

Political speculation heightened in Moscow at the weekend after an apparent decision by President Andropov to delay a planned summer holiday in the Caucasus.

When Mr. Brezhnev was President it became customary for the Soviet leader to spend most of August in the Crimea, before political activity resumed in September. It had been expected that Mr Andropov would choose to relax in the spa and rest cure centre of Kislovodsk, near his birthplace in the northern Caucasus. Mr Andropov has a private dacha at an exclusive Kislovodsk sanatorium, where he receives treatment for a kidney complaint.

It has been clear that unlike Mr Brezhnev, Mr Andropov does not intend to hold summit meetings with Warsaw Pact leaders at his holiday retreat. Mr Janos Kadar, the Hungarian leader, held talks with the Soviet leader three weeks ago, but the two men met in the Kremlin.

Mr Gustav Husak, the Czechoslovak leader, left Russia at the end of July after a holiday without any leader that he had seen Mr Andropov.

Mr Andropov has been rationing his public appearances because of sporadic ill health. Last week he met Mr Le Duan, the Vietnamese party leader, after celebrations marking the eightieth anniversary of the Soviet Party, and had then been expected to take a rest in the Caucasus after last Thursday's regular Politburo session. Instead he appeared in Moscow for talks with Mr Alvaro Cimbal, the Portuguese Communist Party leader.

It is thought that Mr Andropov may still leave Moscow for an August break after a short delay, although no announcement has been made. He is believed to be using a new presidential dacha on the outskirts of Moscow equipped with vital communications.

It is said that Mr Andropov's propensity for hard work (despite health problems) had also kept him at his desk. He has little time for some of the more sybaritic aspects of his predecessor's rule.

Yesterday *Pravda* announced new measures on labour discipline, making it clear that those who follow Mr Andropov's lead and work diligently will be rewarded while slackness and absenteeism will be punished. The Andropov leadership has launched a drive for discipline at the beginning of the year, but the campaign has recently run out of steam.

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American links with Syria improve

From Robert Fisk, Damascus

Despite Syria's continued refusal to withdraw its troops from Lebanon and its harsh condemnation of America, President Reagan's latest envoy to the Middle East appears to be establishing an improved relationship with Damascus by recognizing that future political progress in the region now hinges on Damascus.

If the Lebanese, the US or, indeed, Israel, believe they can find encouragement in such signs, however, they might do better to keep their enthusiasm in check.

After almost six hours of talks with President al-Assad yesterday afternoon, Mr Robert McFarlane emerged to give an assurance merely that talks

would now continue between the two countries.

"We've had a very useful exchange," he told *The Times* in the sort of wily diplomats use when contact is more important than achievement. "It has given us food for thought, a solid basis for continued dialogue and pausing before each word. Mr McFarlane scarcely held out any hopes of persuading the Syrians to withdraw from Lebanon. Asked if there had been any progress on the issue, he bluntly replied: "Nothing concrete" and slipped into his armoured limousine for the drive to Damascus airport.

There is indeed unlikely to be any new initiative either by

Syria or Washington on military withdrawal from Lebanon. Mr McFarlane apparently listened more than he talked to President Assad, who smiled warmly when he greeted the American envoy but who is said to have repeatedly told Mr McFarlane that Syria regarded the Israeli-Lebanese withdrawal agreement of last May as a guarantee of Israel's expansion into Lebanon.

The question of troop withdrawals was not raised in specific terms. Throughout the weekend, Mr McFarlane has been the subject of the same kind of angry leading articles here that once vilified his predecessor, Mr Philip Habib. Mr McFarlane, the English-language Syria

Times announced yesterday morning, was only coming to Syria to market ugly American policies.

After his meeting with Mr Abdul Halim Khaddam, the Syrian Foreign Minister, on Saturday, Foreign Ministry officials here let it be known that the American envoy "had nothing new to offer". In the past, the United States tended, to its cost, to ignore Syria and Mr McFarlane is trying to change this policy. The Syrians believe that President Reagan has been blinded by Israeli propaganda and that the Americans have yet to learn that there can be no question of resolving the Lebanon issue through the withdrawal accord.

SPECTRUM

Next month, doctors are meeting in London to form the British Holistic Medical Association, indicating a growing acceptance of the alternative medicine. This first of three articles looks at what the Prince of Wales recently described to the BMA as "those ancient and unconscious forces so vital to our unity with nature"

If the mind is fit, the body will cure itself

By Ruth West and Brian Inglis

If you ring up to make an appointment with Dr Goodenough (not his real name: some of his colleagues are touchy about advertising) you will be told that there is a six weeks' waiting list. Nothing strange about that if he were a Harley Street nabob; but he is a GP in private practice, and his practice is homeopathy.

"I did orthodox medicine for twenty years - I used to think that all homeopaths were potty." Why did he switch? "It all rather happened. I suppose at first I just wanted more answers to my quiver." When he first introduced homeopathy the reaction was immediate: "I lost, in turn, two partners and two-thirds of my patients." That was in 1969: eight years later he was in such demand that he had to retire from the NHS.

Now he is getting patients from other GPs. "Some say it's codswallop, but some tell patients, 'At least it's harmless; why not?' And some ask him: 'Look, can you have a go with this one?'"

Ian Hutchinson tells a similar story from a different angle. He is president of the British Chiropractors Association. When he began to practise thirteen years ago, few members of the public had even heard of chiropractic and patients only came to him as a last resort. No longer...

"The changes over the past ten years? People come to see me much sooner with their problems. The age group I'm treating on the whole is much younger. And I'm treating more acute conditions - of manual workers, for example."

The attitude of doctors, too, has changed. "Quite a few doctors refer patients to me; I have lectured to GP training groups; at my practice over the past few years we've held a number of meetings with an orthopaedic surgeon." He would like to see chiropractic recognized, as it is in the US, New Zealand and other countries.

Recognized or not, the practitioners of the once derided "fringe medicine" are in demand. Twenty years ago they were down and, to all appearances, out, swept aside by the triumphant march of medical science. Now, a combination of disillusionment with orthodox medicine, in particular with its drug-dependence, and the recognition that alternative therapies have something valuable to offer, has transformed their prospects.

The major breakthrough came ten years ago, with the favourable report of three eminent US doctors on acupuncture. Ruth West is director and Brian Inglis a trustee of the KJB Foundation (formerly to be renamed the Kossler Foundation), set up to raise support and funds for research into, among other things, alternative medicine. Their *Alternative Health Guide* is published by Michael Joseph (£12.50).

ture, following a visit to China. Only a few years earlier acupuncture had been the chief butt of medical jokers: in *The Doctors' Dilemmas* the leading US pharmacologist Louis Lasagna had dismissed it, in a chapter of "Superstition and Ignorance", as a "lunacy".

Vindication of the long-derided, millennia-old Chinese therapy was significant, not merely because it staked a fresh claim for the recognition of alternative medicine (as it now came to be called) as an alternative and a serious one, to conventional western medicine. It also threatened to undermine western medicine's foundations by casting doubt on the hallowed principles of physiology.

The existence of "meridians" or "canals", as shown on acupuncture charts, had excited Lasagna's particular derision; they were shown, he jeered, only because "hitting imaginary canals is not a job to be left to the imagination". But if acupuncture works, can it be that the canals (into which needles are placed, according to the diagnosis) are real, but not material? If so, conventional physiology is missing a dimension. Alternatively, it may be that the imagination is involved in this, as in other therapies. Inole Coué, with his "every day, in every way, I get better and better" incantation, preached in the 1920s that the imagination can exercise a powerful, and sometimes decisive, influence over the body; but Coué had been laughed at.

The discovery in the mid-1970s of the endorphins, chemical messengers which apparently transmit the imagination's instructions to the body and are capable of relieving pain as if they were opiates, has raised the possibility that acupuncture, and perhaps other therapies, work psychosomatically, the body obeying the mind through a broadcasting system emanating from the brain, whose transmission system is only gradually coming to be understood.

The implications of this discovery have still hardly penetrated orthodox thinking. It effectively demolishes what generations of medical students have been taught as dogma: that the imagination can neither cause nor cure organic disease. And it is largely because of the profession's ability to come to terms with this body-blow that alternative medicine is now enjoying such an unprecedented boom.

"Organic disease is what we say we cure, but don't", the maverick F. G. Crookshank wrote half a century ago. "Functional disease is what the quacks cure and we wish we could." The great advantage the "quacks" of today have - purveyors of alternative therapies, in all their bewildering variety - is that the majority of today's disorders are functional, and consequently the

imagination of the patient can play a considerable, even a decisive part, in promoting cure.

Doctors until recently have tended to downgrade the imagination's role to "placebo" - useful to discover whether new drugs work by comparing their results with the effect of the placebos, or dummy pills, in controlled trials, but otherwise of no clinical importance.

Now a few, notably Professor Herbert Benson of Harvard, have realized how important the placebo and the placebo effect can be in restoring health. For the most part, doctors have yet to agree. But to alternative therapists, the patients' imagination is their most powerful ally. They know that hope and expectation on the patient's part, reinforced by rapport with the therapist, can work wonders.

That patients are satisfied with what they get from alternative medicine has been confirmed by a report in the *Consumers' Association* magazine, *Which?* In its sample, "nine out of ten members said they would use again the form of alternative medicine they'd tried most recently. They didn't all claim to have been cured, but only 10 per cent felt the treatment had been useless".

By contrast, although the reputation of medicine in the abstract remains high, there have been many indications of patients' growing dissatisfaction

with their GPs. For example, according to surveys carried out by Taylor Nelson, "nearly a quarter of the United Kingdom population say that they have less faith in doctors than they used to"; and the number of those who "trust the doctor to know what I need" fell from 52 per cent in 1978 to 39 per cent in 1980.

This is partly because the hope, nurtured in the 1950s, that Ehrlich's dream of "magic bullets" - drugs capable of curing all known diseases - has faded. Not merely have the wonder drugs proved a sad disappointment, but their toll of adverse reactions is growing more disturbing.

Perhaps the most damning indictment of indiscriminate reliance on drugs has come from a World Health Organization trial, the importance of which has yet to be recognized.

Clofibrate was marketed twenty years ago to lower blood cholesterol levels and thereby afford protection from heart attacks. It did what it said; those who took it in the controlled tests had a lower mortality from heart attacks than those who did not. But eventually, it was found that the mortality rate from all causes was 25% higher among those who had taken the drug during the trials, than among those who had not.

As Professor M. F. Oliver, president of the British Cardiac Society, has warned, this has very disturbing implications for patients currently on

"preventive" drug treatment. If altering the body's chemistry has long term ill-effects, then tens of thousands of patients currently being given drugs for hypertension may be worse off.

By contrast, alternative therapies are relatively safe. Scare stories of wrong diagnoses and faulty treatment abound in the medical profession, but the concomitant - malpractice suits - are very rarely reported, as they certainly would be if they occurred. (There have in fact been no High Court actions, which suggests that any cases there have been must have been minor.)

The recent burgeoning of alternative therapies, and their proliferation into spin-offs through the introduction of new techniques, makes it unsafe to generalize about them; but on some points almost all are now agreed. The main difference between alternative and conventional medicine, they claim, is that alternative therapists do not treat the symptoms, they treat the person.

There are exceptions, of course, therapists who offer cures for, say, smoking, without attempting to assess the patient's background. But in theory at least the assumption is that most symptoms, from backache to 'flu, can have a powerful psychosocial component which may be the main cause. Digging in the garden, or "the bug that's going round", are not the cause, but the precipitant of the symptoms.

Most alternative therapists, too, emphasize the importance of listening to patients. The first consultation usually lasts an hour or more; this not only helps to establish rapport, but also makes it easier to have a working appointments system (when *Which?* turned its attention to the subject of what its subscribers think about doctors, its survey reported this month that by far the commonest complaints are "long waits at surgery").

The fact that alternative therapists spend more time talking with their patients also makes for what many of them claim is another vital difference between them and the average GP. They can promote prevention by showing their patients how to change from the habit of pill-taking to fitness by diet and exercise.

Alternative medicine, then, can be holistic-related to the person's heredity, personality, environment and lifestyle in a way which orthodox medicine, cannot because of its materialist bias and because specialization is leading to ever greater concentration on symptoms rather than people. It is this which is giving alternative therapies, whatever their intrinsic merits and alternative therapists, who like doctors can be good, bad or indifferent, their current advantage.



Moreover... Miles Kington

A5PIC on my plate

All odd and personal car numbers have up to now been bought and sold on the open market, often for a lot of money, but the licensing department at Swansea is suddenly keen to keep the good ones back and auction them itself. This means, if you think about it, that the Tories have now nationalized something in the private sector, thus shattering their party manifesto, and I expect fresh elections to be called soon. Meanwhile, the lads at Swansea are already hard at work...

(A room in Wales. Four motoring civil servants are sitting around a table. They are called Sump, Pump, Bump and Dump. These are not their real names. They got them out of a computer.)

Sump: This committee has not met for a very long while. It used to be called, if you remember, the Committee for Eliminating Rude Three-Letter Words From British Car Numbers. Well, we eliminated them all.

Pump: Except for GAY.

Sump: Well, we didn't know then that it was going to be a rude word.

Bump: It isn't!

Sump: Ah yes, Bump, I forgot you were... anyway, we now meet again to make a list of combinations of words and numbers that might make money for us.

Sump: I Don't understand.

Pump: Thing is, Dump, that if you have a car with the number RR 1, you and I wouldn't pay much for it, but the head of Rolls-Royce would pay a lot.

Bump: How much would Ray Reardon pay?

Pump: You're getting the idea. An Auction!

Sump: Shut up, Dump. Now, the problem is that most of the good numbers have gone. We are now issuing plates beginning with A, followed by numbers then letters. The scope isn't vast. But I've already made a short list of possibles. For instance, A 10 LL.

Bump: What's that?

Sump: Run together, it reads A10LL.

Sump: What's that?

Bump: It's a kind of Mayonnaise, dummkopf. We'll have Delia Smith and Katie Stewart fighting to the death for that one, and then sell it to Heinz. I've also got a thousand for that. And remembering that 'S' can look very like 'SA's, I think there'll be a market for A 55 IS.

Bump: ASSIS? Who'd buy that? The RSPCA?

Sump: Francis Pym, I reckon. And I thought some rich surgeon would go a bundle on A O R T A.

Bump: You can't have a nought by itself.

Sump: Oh no? We're making the rules now.

Bump: Then there's... What else is there?

Sump: A I T C H.

Bump: What's that, Dump?

Sump: AITCH. Someone whose name begins with "H" might like that.

Bump: Get lost, Dump.

Sump: Or A S W A D.

Bump: You mean, a wad of fivers?

Sump: No, no ASWAD. It's a reggae group. They'd pay a fortune.

Bump: He's right! Good old Dump.

Sump: And now that we're in the permissive age, maybe we can bring back some of those good old three-letter words!

Bump: I am not having cars beginning A55.

Sump: I was thinking of BUM, actually.

Bump: And I am not having Mrs Whitehouse accusing us of corrupting public morals.

Sump: How about A 51 ANS? ASIANS!

Bump: How about A 51 MOV? ASIMOV!

Sump: And what about for the Queen - A 5 COT = ASCOT?

Bump: Just a moment. Who's Rump?

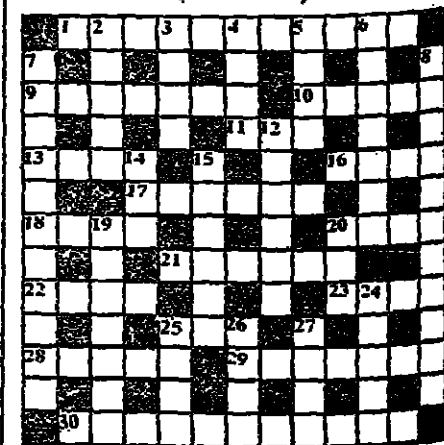
Sump: Where did that last speech come from?

Bump: Me. I just changed my name. I didn't like Dump.

Sump: This meeting is getting out of hand. It's adjourned.

(More reports as and when.)

CONCISE CROSSWORD (No 120)



- ACROSS: 1 Dome shaped container (7,4) 9 Person in authority (7) 10 Bond payment (5) 11 Illuminated (3) 13 Cooking fat (4) 16 Financial institution (4) 17 Eye inflammation (6) 18 Lacking colour (4) 20 Four-winged insect (4) 21 Incising compound (6) 22 Errand boy (4) 23 Cup-shaped instrument (4) 25 Glue (3) 28 Communion table (5) 29 Greed (7) 30 Father's mother (11)
- DOWN: 2 Long-term prisoner (5) 3 Religious faction (4) 4 Nobleman (4) 5 Sassy (4) 6 Harpsichord (7) 7 Crossing monitor (8,3) 8 Wager keeper (5,6) 12 Ice spike (6) 14 Expiry (3) 15 Surroundings (6) 19 Sarge (7) 20 Rabbie (3) 24 Banish (5) 25 Smile (4) 26 Mutinate (4) 27 Walk (4)

SOLUTION TO No 119
ACROSS: 1 Canapes 5 Elfin 8 Nil 9 Anodyne
10 Erato 11 Beth 12 Ratchet 14 Parabolgram
16 Avenge 18 Aims 21 Attic 22 Zonated 23 Abo
14 Enrol 25 Ratons
DOWN: 1 Chat 2 Noose 3 Psychological 4 Sheet
5 Electromagnet 6 Feather 7 Nocturne
13 Appanage 15 Re-enter 17 Razor 19 Metro
20 Eden

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MODERN TIMES



A sideways look at the British way of life

Dark tales are told by the older street musicians of a buskers' "elephants' graveyard" somewhere beyond Ruislip on the Piccadilly-line. The disappearing denim-clad Bob Dylan lookalikes and one-man bands take a single ticket to this ghostly station of no return, where the times are never changing and they can play out the last bars of "Subterranean Homesick Blues" just one more time. All archaeologists will find in years to come is the odd battered mouth organ and scores of unfilled-in tax forms.

of commuters with endless Leonard Cohen songs. Mr Tambourine Man is a threatened species, nearly extinct. As the constables often told him, it's all over now baby, blue.

Who is responsible for ridding us of interminable nasal droning which so aptly complemented many a dreadful Southern Region rail journey? A revolution is afoot. The Tube-way armies of Dylans have been zapped by musicians using amplified sound systems, just as the old men in military uniform with a swearing parrot on their back were displaced from the cinema queues by the folk singers. Now, with a "ghetto blaster" tape machine, a classical saxophonist can fit an entire symphony orchestra at the bottom of the Northern Line escalator.

The new wave of busker fears not so much arrest as power failure or that the sound levels are wrong on his backing tape. He may even have an accountant, something that would have the one-man band throwing himself underneath the wheels of the next train to Wimbledon out of anti-establishment fear and loathing. The jaded musical palate of the city gent now expects electronic wizardry and B Dylan has had to change

too, or take the long and winding road to the buskers' graveyard.

That cobbled traffic-free precinct in Covent Garden is now a haven for buskers, who are all licensed; also something of an anathema to their footloose forbears. Today, backed by a trusty ghetto blaster "busking" can encompass anything from ballet to an impromptu Punjabi mime troupe. The strolling player is back with a vengeance and quite often a council grant. There is no more squabbling for pitches.

Such squabbling marred my own single busking adventure. At school three of us set out with guitar, tambourine and a large bass drum borrowed from the cadet corps, a sacred military relic of many wars.

"Ere I wouldn't stand there, that's the Mighty Quinn's pith," said a fat lady. Unfortunately one of us grinned when a smartly dressed dwarf announced that he was the Mighty Quinn, a juggler. He demolished the drum with his size-threes and in a flurry of waist-high punches we were lucky to escape with our other instruments intact.

It was also difficult explaining to the corps sergeant-major how a drum that survived the

Somme had met its end. Then busking was a jungle; now it is polite and ordered and there are even rotas in the Tube stations, written on the Underground maps. It is all so well mannered. The beadies (security men) of the Garden keep an almost loving eye on their artists, making sure that their bottlers (cash collectors) are not robbed and there are no unseemly arguments. The place has an aura of Victorian good fellowship and the strolling players often sport Equity cards.

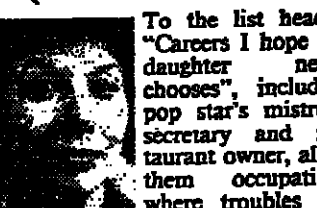
With greater possibilities of sound and space the exotic acts, dancers, acrobats, patter-men and fire-eaters from Paris, street acts of another age, have a new lease on life, while the folk singers are the ones out of time.

Mr Plod, the traditional enemy of busking, seems to take a more fatherly view of the amplified and classical acts. The denim brigade with songs of peace and protest were obviously hooligans. Now possession of an amplifier shows thrift, good sense and a respect for property - though the courts recently drew the line at an Irishman who charmed an expensive python from his hat with a penny whistle. Times have not changed enough for live reptile musical acts yet.

Paul Pickering

Penny Perrick

Strictly for the birds (and bees)



To the list headed "Careers I hope my daughter never chooses", including pop star's mistress, secretary and restaurant owner, all of them occupations where troubles observably outweigh joys, I have reluctantly added sex educator. This is after reading Carol Lee's book, *The Career Position*, to be published on September 29 by Writers and Readers.

Here is a story of dogged and often desperate heroism on the part of the author who, as a Family Planning Association-trained sex educator, travels from school to school trying to make sense of the sexual confusion which is as much a part of the growing child's life as pimples and blushing. As Carol Lee slinks in through the school gate, she knows that she is "less welcome than a pest control officer". In her eight years of teaching, most of the schools' heads and deputy heads have refused to meet her and, as one school, the biology mistress, alarmed at her pupils' ignorance, smuggled in our heroine under false pretences, supposedly to talk about "Personal Hygiene".

It is not only head teachers who make a sex educator's life as perilous as that of a missionary fallen among lip-smacking cannibals. Carol Lee has to face outraged parents and often disruptive behaviour from the children themselves who, to cover up their real feelings of embarrassment and anxiety, resort to juicy discussion of video nasties, snickering and fighting.

Against these dicey odds, Carol Lee usually succeeds in getting her students to examine concepts like love, affection and responsibility, as well as giving them advice on contraception and sexual consequences, about which most of her students share age-old mistaken ideas, such as "you never get caught the first time".

Possibly, the daughters of Mrs Victoria Gillick and other parents who deplore outside intervention in their children's sexual lives have received such careful and sensitive instruction at home that they will never walk into a relationship they can't handle. If so, they are part of a tiny minority, for nearly all the 1,500 schoolchildren Carol Lee taught had not learnt anything about sex from their parents; not even how a baby is born. When Miss Lee asked them to put on an impromptu sketch showing how parents might react to a daughter's accidental pregnancy, they acted out a domestic drama.

The main objection to sex education in schools is that, enlightened and sympathetically instructed by the likes of Miss Lee, pupils will wish to practise what has been preached. This has not been a danger inherent in the school curriculum so far, since even the most easily influenced children do not appear to spend their spare time probing further into the effects of the Roman occupation or reeling off lists of French verbs.

Carol Lee is convinced that, in the short term, sex education actually discourages sexual intercourse.

People as dedicated and full of cockeyed optimism as Carol Lee, prepared for little money and less thanks to do a job others shirk, deserve our gratitude rather than our disapproval. I wish her luck but I hope that my daughter's working life is an altogether cushier number.

There is a suggestion in the *New Statesman* that babies should be fed on avocado pear blended with a little wholemeal bread, rather than on over-sweetened commercial baby foods. Recalling the years I spent spooning various types of goo into babies' mouths, I am dubious of this scheme. I have never once met a baby willing to embark on a culinary adventure; the tiniest spoonful of anything the least exotic ends up spilt on the high chair tray and is followed by howls of outrage. Surely a few tins of unwholesome baby food cannot do any permanent harm to a baby reared on the *New Statesman* who, as soon as it is out of nappies will be into home-made quiche, farmhouses in the Dorset and other trappings of the good life. I think it should stick out for tinned apricot custard while it can.

Flavia Corkscrew is on holiday for two weeks.

With a smile and a song

HAMBURG HIGHLANDER

Jonathan von Ussler, 26 (below)

People think it strange when they find out I am German from Hamburg and you can have a lot of trouble with the very rationalist Scots. Then I pretend to be Irish. I can act on a pretty good Irish accent because I worked as a bagpipe maker in Ireland, which was interesting except he never paid me. The tartan is of the Queen's Own Highlanders and my act did not go down too well in Germany. The German folk scene has been dead since Adolf Hitler. So I decided to come over here and did feel embarrassed about caring the kilt. What London did not need was another person playing Bob Dylan songs on a 12-string guitar and I tried

that in Germany. The kilt is showbiz of a sort and people like having their pictures taken with you especially at the Tower of London. I learnt the pipes when I was doing my community service as a conscientious objector in Germany. You have to do that if you don't want to fight. My family do not approve at all. They still have the German attitude that what one needs in life is a proper vocation. They are very aristocratic and puritan about things like that. I am learning to repair musical instruments at the London College of Furniture but that is more of a hobby. I could not hope to make money out of that. As it is this pays my bills.



PUNK AND JUDY

"Professor" Tony Pabbe, 25 (above)

You can say I'm a punk and Judy man. It's the oldest form of busking and I like it because Punk is an anarchist. I made all my own puppets and learned the trade from a man in Brighton. Really I am an actor and got into this five years ago because I hated being out of work. I was educated at Shaftesbury and after my A levels went to Loughborough Theatre. But the street is more immediate. You have got to make an impression. You have got to hold their attention or they will just walk away. It is part of being a showman. My mother's a civil servant and my dad's a doctor and they are both pleased with what I do, now they

understand it. People are very kind in this line of work and will teach you their skills. I was taught magic tricks by a lady called Patty I shared a flat with and taught her to escape from a straitjacket. I do a bit of fire-eating and stunt work on the side. There is no such thing as plagiarism because everything has been done before and my act is not that different from the one seen by Samuel Pepys. The trouble I have at the moment is getting a reliable female bottle. The girls I train always fall in love with nice young men. But I cannot complain with a bigger audience every day than my West End theatre. Not bad, eh?



BRAZILIAN BUSKER

Ricardo Renter Ruas, 23 (above)

For two months now I have been playing at Green Park. I am in England to study English and am Brazilian from Belo Horizonte, where I am reading to be a vet. In Brazil we do not have buskers. A cleaning job I do in the evenings pays my tuition fees but this is almost comes to a fight. I have played in Switzerland, Holland and Germany and Heidelberg is the most friendly place. After another two months I go home. I was married in Brazil. My marriage is finished but I have a little daughter and would like to take her an English setter dog when I return. I still plan to be a vet but I like playing and they say Bob Marley started this.

do samba with an instrument called a pandeiro. It's so good and cheers people up. Even the police here are so kind, not like in Brazil. But there is great competition among buskers for the places to play. They are friendly most of the time but sometimes things become nasty and it almost comes to a fight. I have played in Switzerland, Holland and Germany and Heidelberg is the most friendly place. After another two months I go home. I was married in Brazil. My marriage is finished but I have a little daughter and would like to take her an English setter dog when I return. I still plan to be a vet but I like playing and they say Bob Marley started this.

SAX APPEAL

Tina Grace, 22, Nuria Nogue, 23 (below)

People think it funny when I start my act by coming out of a dustbin. I am all folded up inside and am charmed out by the saxophone like a snake out of a basket. Nuria's from Spain and does not speak English and we met when I was working over there. It does make a difference being a woman, especially being a contortionist, as men heckle or come up afterwords. I try to make fun of the act's sensuality. My parents approve of what I am doing as my dad was in Music Hall. A Hungarian acrobat who teaches in Brixton started me off five years ago and since then I have been to Spain and Latin America, where I joined a circus in São

Paulo. It was fantastic. That is why the act is very circus-based but with a certain cabaret Fellini feel to things. I like the grotesque side of the circus so does Nuria, who had been playing sax for one year but studied the flute for eight years. We both like Spain; the audiences are much warmer. When we were there I had a monkey called Zecchino who was part of the act. I really did love him but he would jump on the audience and he was not potty trained. At the moment we live in Vauxhall and are going to Poland for a theatre festival next month. My ambition is to study circus in Moscow. Do you think Ken Livingstone could help?



FIDDLERS ON THE HOOF

Felicity Willis, 20, Janet Mathews, 21 (above)

I have been studying the violin for 10 years and we thought we would have a bash at busking. We are both at Trinity College of Music and it really helps financially. Where we play in Charing Cross is now very much a classical music area and we have both been astonished how easy it is. Eventually I want to get into an orchestra; I don't know which one but this is good practice playing in front of people. Many students don't do it because they are scared of the fines. Luckily we have not been caught yet. The police are all very nice and I think they turn a blind eye.

Classics seem to be taking over especially in this station. We do not need an amplifier down here in the tunnels but we are going to get one for outside. Strange things have happened. We had a drunk who fell in one of the violin cases and broke it. Someone gave us a bottle of wine and we had a flasher who came back four times. Then someone thought we must be prostitutes despite the violins and offered £20 for Felicity. Another person promised to send us to Tokyo for three months playing in a palm-court orchestra. But it's worth it. In three and a half hours on our best day we made £60.



AMPLIFIED ACROBATS

Charlie Pabbe, 32, Terry Cole, 24 (right)

I teach dance here and I've 23 years in Iran working with an acrobatic group; they did juggling as well and we used to go on TV and in the nightclubs. But then in 1979 came the Ayatollah who did not like acrobatics or juggling or nightclubs or theatre. What is more we once put on a show for the Shah's birthday party and I had the personal letter of thanks in my house. The Ayatollah's men found it. I had to flee to political asylum. I teach the new acrobatic dancing at the Pineapple. But I love the atmosphere here and like seeing what the people feel about my show. I sometimes do a Charlie Chaplin act as a change.

We use a small stereo unit to help create the atmosphere. I am the patter-merchant of the act and if I was really good we would not need music. But it's nice to have it in the background. You have to get a link between the audience and the show. I'm from Walthamstow but I learned acrobatics with a circus in Italy and a troupe called the Medinas. My ambition was always to work in the circus and my parents are very proud of me. Before I started doing acrobatics I was working in a furniture factory making three-piece suits. Everyone is licensed to work here and there is no trouble. I run 10 miles a day and Charlie is teaching me new tricks.



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THE TIMES DIARY

All clear

A relative of the composer of the world's best-known Christmas carol, Silent Night, will be coming to London later this month for an unscheduled premiere at the South Bank summer festival...

Point taken

The imperturbable John Timpon and Brian Redhead, presenting Radio 4's Today, read a letter from an indignant listener on Friday protesting at their habit of abbreviating sentences by leaving out verbs...

Unkindest cut

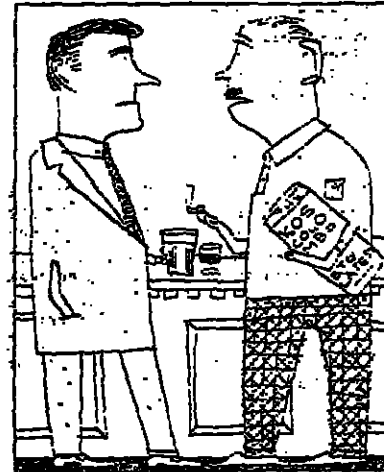
"Buy British," thought Menna Williams as she paid £3 extra to buy a pair of Wilkinson Sword pinkish scissors rather than one "Made in Japan"...

Girl talk

The latest prep-school vogue word in America is "awesome" as in "The Times Diary - isn't it awesome?" It is not too surprising, then, that the tycoon behind the Awesome Eyewear Company...

Further speculation as to the title of Lord Flit will take on entering the Lords is futile, as far as some of his former constituents are concerned...

BARRY FANTONI



"You're looking terribly well haven't you been away?"

Self service

On an InterCity which came to a halt on its journey north the guard announced: "Ladies and gentlemen, we apologize for the delay. There is engineering work ahead. Do not stick your head out of the window. There is machinery outside. If it knocks you head off, you will have to go back and fetch it yourself."

On the wild side

The World Wildlife Fund's annual report shows in its accounts an "exceptional item" debited over the past two years and totalling well over £200,000. Although the item is elaborated no further in the accounts themselves, supporters of the fund are welcome to ring up and inquire...

A musical called Snoppy is to be perpetrated on the West End next month. American reviews have described the eponymous hero as "the laid-back boogie, the spiritual leader, manipulator, benefactor and mascot" of the Peanut gang...

A private life for the economy

by Walter Goldsmith

The speed with which the Labour Party/TUC economic strategy has disintegrated in the weeks following the general election gives Mrs Thatcher a remarkable opportunity to carry through the significant structural changes to the economy which British business wishes to see...

Of course, Labour economics spokesmen will continue, for a time, to advance policies based on the TUC Economic Review. The job creation through vast public spending, dramatically increased social benefits, regionalization, and restoration of trade union legal immunities...

So how should Mrs Thatcher entrench the social market economy in her first year of the new Government? As a first priority she should speed up nationalized industry privatization...

Government's current term. Revenues averaging £2 billion a year would allow the Treasury to underwrite a tax-cutting strategy that is seriously behind target...

Privatization on this scale would introduce benefits in increased competition and demonopolization, a reduction in the public sector's share of the gross domestic product and new chances for individual equity ownership and lower taxes...

At the same time Mrs Thatcher should induce Mr. Nicholas Ridley, the taxmen's political master, to call off their drive to reclassify large numbers of the self-employed as PAYE-paying employees...

Mrs Thatcher's second major drive should be to seize her chance to step up the pace of trade union law reform. Norman Tebbit would be well advised to bring forward his aim to make remaining union immunities conditional on the observance of agreed or reasonable dispute procedures...

Mrs Thatcher should advance on a third front. The preparedness of union leaders to engage in bilateral talks with ministers, even on the most sensitive areas of traditional union power, makes it a good time to re-

examine the future of occupational economic forums like Neddy, the National Economic Development Council.

Neddy has been talking fruitlessly for years about the inadequacies of Britain's education system, to provide occupationally skilled young people in the quantities a revving economy will need. Employers and unions have bewailed the problem...

If nationalized industries, union law reform and the remnants of Britain's corporate state can be targeted now, Mrs Thatcher will have the time to tidy up important but tricky individual measures to liberalize the British economy...

Mrs Thatcher cannot do it all. Employers, too, must play their part. In the new atmosphere more flexible employee communication and bargaining arrangements can be introduced to fill the void left by the increasing irrelevance of old-style British trade unionism...

The author is director general of the Institute of Directors.

Leslie Plommer on the background to the Seychelles elections

Victoria, Seychelles. It is a short drive up Liberation Road and on towards the president's house in the green hills behind the capital to the steep roadside where "the accident" happened.

True to the state-pass law of diminishing returns, three days elapsed before the news that was burning the Seychelles grapevine - the islands' most efficient institution - appeared as two short, uninformative sentences inside the official Nation newspaper...

Murdered by the army in a night ambush, the whisperers said, while the official version blamed a falling-out among thieves, a soldier named by a survivor was nowhere near the scene, President René told The Times.

Whatever the truth, "the accident" a fortnight ago was the latest illustration of "raw" facts of life behind the splendour of the Seychelles: the government's detractors lead a hazardous existence, and most Seychellois fear the worst in such cases of their socialist government and its army.

There are political disappearances and strange deaths in these islands, and the knock on the door in the middle of the night, said a western diplomat who broadly endorses the René régime.

The disquiet and sense of repression behind the benign, the surface despite the fact that, as many observers agreed, the system is a habitant has derived immense social benefit from this government. Mr James Mancham, the former president now in comfortable financial exile in Putney since being ousted by Mr René in 1977, promoted tourism and job opportunities at the poolside of an afternoon, but was in no hurry to move, basic premises.

Big improvements in housing and

Paradise lost: the shadow of suspicion in 'God's country'

A medical system that surpasses most in the Third World and directly credited to the René government - where people enjoy one of the highest living standards in Africa, though at a heavy cost to the exchequer...

But after a succession of plots and coup attempts, Mr René's president and his radio station and support are under permanent guard by foreign troops. Mr René is perhaps mindful that when, as prime minister, he seized power while Mr Mancham was away in London, it was done with only 35 armed amateurs...

Now 120 Tanzanian troops and 60 North Korean advisers and soldiers constitute the nation's bodyguard, backed by an uneasy local army which has doubled to 800 in four years, a militia of 1,000 to 1,500 who also act as an intelligence network and an assortment of Cuban-trained security men, pistols tucked discreetly in leather handbags.



President René: improvements

The Koreans, tough professionals in smart dark green uniforms, who keep well out of sight, are filling a growing gap left by the unpopular Tanzanians, whose local brewing and sales of guns and drugs have alienated the islanders.

Tanzanian numbers have been run down from a peak of the 400 who put down the August 1982 domestic army mutiny which left nine officials dead, and according to President René, 50 Seychellois officers and soldiers still detained. But the Tanzanian presence is still criticised for the government: "What I fear is a Sergeant Doe situation," one source said...

President René, for his part, says he fears a coterie of 50 civilian plotters in the islands. And the local populace, denied informal outlets for expression, suffer from a general apprehension they cannot diagnose. Even the young, who generally support the governing Seychelles People's Progressive Party...

For the past two years, people have tended to be more afraid.

President René said. A small, impressive man aged 47, who qualified as a barrister in London after an abortive run at the priesthood, he distinguishes himself from most leaders in the African region by an almost miraculous absence of rhetoric and bombast. "These fears... I don't know what has happened. I can't put my finger on it."

The midnight knock on the door is one reason, in a country alive with desk phones. The President, whose desk phone is a sign saying, "What a beautiful day. Trust some bastard to louse it up," gets a daily resumé of who is saying what about the government.

For complaints, the only official outlet is through the increasingly centralized party, which reaches into every national organization. But ministers dispute the widespread view that it has ceased to function as a conduit for dissatisfaction, while conceding that some militants alienate by peddling rhetoric they understand only dimly as Marxism.

Yet until "the accident", Seychellois recently had started to feel more free, with new signals of moderation emanating from the government. Changes had begun after complaints of chaos in secondary education, and in a Cabinet that covers the ideological spectrum the "hardline" left-wing Foreign Affairs Minister, Mr Jacques Houdeau, was shuffled aside in favour of the island's ultimate political animal, Dr Maxin Ferrari, a gynaecologist.

Smooth of tongue and round of feature, the doctor, who advances his own bedside theory of diplomatic success - "The women of this island" taught "me frankness and humanity" - has with his balanced approach to non-alignment put the job back into diplomatic for western envoys in Victoria.

"Things were going in the right direction: more pragmatism and less idealism in one of them said, looking back to before the recent murders. "Now, the gap between what is said and what is done, has once again become the government's biggest political problem."

Sickness benefits for politicians

Among all the official statements about Mrs Thatcher's medical condition, the unofficial bulletins by Mrs Thatcher have outshined the gentlemen's parodies with ease. "She's flat on her back," the Prime Minister's husband elegantly pronounced. "She is not working. Come on, be reasonable."

Everyone is liable to sickness from time to time, and even the nation's political leaders are somewhat short of superhuman. What has focused particular attention on the Prime Minister's sick-bed is that she has been known as practically a non-stop activist, any pause in her headlong schedule arouses both comment and concern.

Politicians who never willingly take a break from politics are likely after a time to be forced by some external circumstance to accept an interruption of their activities. Yet such a pause, planned voluntarily as a holiday or a sabbatical, might have fended off external circumstances that caused the involuntary cessation of their devoted labours. Politicians can indeed be divided into two groups: those to whom politics are their whole life, and those to whom politics are just one part - if by far the most important part - of a life that contains other absorbing interests.

Full-time politicians scorn alleged part-timers and diletantes. How can so-and-so really be taking the job seriously if he will keep tearing off to the opera or a football match, or - perhaps more suspect - writing novels or even poetry? Anthony Crossland aroused amusement, merrily affectionate but in some quarters scornful, for insisting, wherever he might be, on watching Match of the Day. Many felt that Norman Tebbit, because not only was he regularly seen at Covent Garden, but because he exorcised his transgression by actually seeming to enjoy it.

Of course, someone entrusted with the responsibility and welfare of the nation must take the responsibility seriously. At the same time, he (or she) recognizes that the voters are not usually themselves thinking of him and what he does, and indeed prefer not to be bothered by him and what he does. Richard Crossman pointed out that politics is a minority pursuit, almost a hobby, to be compared, say, with stamp-collecting.

If the politician wishes to be successful at his hobby he will come to understand those whose votes he seeks, by sharing not only their concerns, but their interests. These interests include gardening as well as the common agricultural policy; the latest divorce scandal; the jury system; as well as the ethics of capital punishment, football and cricket.

The author is Labour MP for Manchester Gorton.

Not Mr King's crowning glory

Even judged by the standards of competence of the present Government, which has set a record for blunders-per-minute since June 9, the White Paper on public transport in London is dreadful. It is so bad that one feels Tom King, the transport minister, ought to be allowed to take it back and start again. It is almost like the offering of one of those overwrought examination candidates who, without being aware of what he is doing, sign down and writes his name and address for three hours.

And that, in a sense, is all it amounts to. All the key questions in relation to London's transport system - who is to pay for it, how will it run, how will London Transport link with British Rail - are answered by: "refer to the Secretary of State for Transport, the Rt Hon Tom King, 2 Marsham St, SW1; Tom King, 2 Marsham St, SW1; Tom King."

But of course we all know that Tom King himself did not write it. A civil servant did. What brief was he given? One wonders. Apparently no more than the most casual of enquiries over the minutes, "consult" or one Friday afternoon. "London Transport? Oh, yes, we need the White Paper out right at the beginning of the hole - no sooner. Just say we're taking LT over. We can work out the details later."

Oh, I know" (popping his head back round the door) "but in something about efficiency and privatization. That'll please the Boss."

One can pity the poor individual who got lumbered with this task. Scratching his head, totally stamped, gazing out over sweltering London this hot July, he seems to have drifted down to the Embankment to seek inspiration from the snatches of promotional patter blaring out of the river boats bearing their captive audiences down to Greenwich. "The nation's centre of trade, commerce and tourism... hub of the country's passenger transport... every day some seven million journeys... largest of its kind in the world... 240 route miles..." This sort of background blurb gets the writer going and takes up about a quarter of the whole seven-page document.

Another quarter, scattered throughout, is taken up with "something about efficiency". With-out access, apparently, to that handbook in discreet circulation among company chairmen: Useful Phrases for the Annual Report, the hapless draughtsman falls back on frequent recycling of his rather limited business vocabulary, "highly competent management", "effective management", "better management", "clear objectives", "clear goals and measurable objectives", "clear objectives and right financial disciplines", and so on and so on.

Certainly the writer protests alto-

gether too much about the need for clarity.

But even more serious than their appalling wrongness is a fundamental worry about the political direction we are going in. Sitting where I do, I witness daily how political zealots of both right and left are inevitably driven by the very force of their convictions to centralize - to pull decisions up from where they should most sensibly be taken.

The strongly socialist education committee feels it must intervene in the way schools are run. Quite apart from the liberal and democratic objections to this way of carrying on, there is the basic question of competence. Put plainly, do the people up there know what they are talking about?

I have in front of me, next to the White Paper, the GLC officers' brief to members, prepared (within hours) as a response to it. Disregarding the merits of the case, and simply comparing the two documents for readability, relevant information and substantiated argument, the contrast is startling. They are as poorly matched as Bjorn Borg and the winner of the Bullin's Grandpas Cup.

How can this be? Our great Civil Service, reputedly the cream of the country's intellect, steeped in its more than a century-old tradition of discriminating judgment, so completely outclassed by local officials? The answer must be that in any matter that involves public services there is nothing to match day-to-day contact with the representatives of the public. Local government officers have to defend their proposals in public, to councillors who may very well be rude, stupid, querulous and parochial, but they will not let them get away with ignorance of what life is like on the ground.

I am certainly not known as an uncritical supporter of the GLC. But still I can say after reading the White Paper is "Heaven save us from a public transport system run from Marsham Street."

Anne Sofer is the SDR member of the GLC and ILEA for Camden St Pancras North.



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A PLAN BY ANY OTHER NAME

On Thursday newspaper front pages carried an advertisement which spoke winningly of moderately-priced housing in limestone villages on the banks of the River Nene...

fill in the waste land within London. The Department of the Environment last week advanced a third policy. A draft circular urges on district councils (which decide requests for planning permission) liberality towards house-builders on the fringes of green belt land.

Of course the importance of the circular itself should not be exaggerated. It bears no executive force. Of itself it signals no radical departure from the Abercrombie or the 1947 system, that apparatus of constraints on development set in place by the Town and Country Planning Act.

Until now the Government could be easily convicted of sending confusing signals to developers and planners alike. Mr Michael Heseltine came to office in 1979 fired (verbally) with animosity towards the town and country planning system in general and constraints on house-builders in particular.

Not many weeks ago the papers and commercial broadcasters carried the (publicly financed) notices placed by the London Docklands Development Corporation. These poured scorn on greenfield locations distant from the capital.

has communicated to the MPs for Chingford and Barnet and Surrey whose constituents will be most affected.

There is a case for revision of green belt boundaries; considerable tracts of the land are neither green (as used for agriculture or accessible open space) nor much of a worthwhile girdle. The fact of green belt designation has been too often used by the home counties as a mere blocking device in an effort to redirect developments elsewhere and keep up local property values.

Since the culling of the quangos in 1979-80 killed the last planning organization covering the south east, there is no single body to provide a regional view; the authority responsible for London's strategic planning, the Greater London Council, is shortly to die as well.

That there exists no current plan for London's physical future is worrying if it means competing demands on land will be settled ad hoc and with regard only to parochial circumstance. There is apparently no appreciation in Whitehall of the need for a wide review of town and country planning for the urban regions and the capital.

PREVENTING ANOTHER MASSACRE

The redeployment of Israeli forces in Lebanon is now clearly imminent. Work has begun on fortification of what is to be the new front line, along the Awali river, and logistics and support units are already being pulled back from the existing lines.

The political implications of these moves can be variously assessed. The Lebanese government does not like them - officially (and no doubt sincerely) because it fears the new Israeli line will be more permanent than the old, but also because it has serious doubts about its own ability to enforce order. Let alone law, in the territory from which Israel is to withdraw, particularly the Chouf mountains.

In favour of the move, Israel herself and (more hesitantly) the United States are arguing that the withdrawal should not be seen as a final partition of Lebanon but as a step towards implementation of the Israeli-Lebanese agreement of May 17, under which all Israeli forces are to be withdrawn from Lebanon. President Reagan has even tried to convince himself that the sight of Israel "starting to move" will generate greater pressure on Syria to do likewise.

in Lebanon have reached a stalemate in which the country is likely to remain partitioned and violence, in most parts of it is likely to continue. In addition to the various intra-Lebanese conflicts, there is already considerable armed resistance to Israeli occupation in the south, and it is likely that similar resistance to Syrian occupation will now develop in the north.

All this bloodshed results from such an inextricable mixture of domestic and foreign forces that it is hard to say what degree of responsibility the international community bears for it or (which amounts to the same thing) what if anything the rest of the world can do to stop it. In the short term at least the best one can hope for is to mitigate some of the worst effects and to prevent some of the worst outrages.

A classic case of a foreseeable and preventable outrage was last year's massacre at Sabra-Chatila, after the over-precipitate withdrawal of the multinational force which had supervised the evacuation of PLO forces from Beirut. President Reagan rightly recognized at the time that America's word was thereby dishonoured, since Mr Habib, through Lebanese intermediaries, had assured the PLO both that Israel would not occupy West Beirut and that Palestinian civilians would be protected.

Since then Phalangists and other right-wing Lebanese groups have continued to harass, evict and on occasion assassinate Palestinian civilians in southern Lebanon. The Israelis, with varying assiduity, have held this activity in check but there is a real danger that their withdrawal to the Awali will be followed by a new massacre, since some five to seven thousand Palestinians, mainly women and children, are still living in the area to the north. Unfortunately neither the will nor the ability of the Lebanese army to prevent this can be taken for granted. The multinational force must be ready to move.

He was then taken to the police station and charged with being drunk and disorderly. He admitted that he had had too much to drink, but protested that in no way had he been disorderly. Asked to read and sign a statement put before him he asked for his spectacles to be given back to him, as he could not read without them. The policeman in charge said: "That's your attitude, is it?" held on to the spectacles, and pushed the young man into a cell for the night.

He appeared before the Bench on the following Monday morning. could provide the means by which this consensus could be given expression. If required to vote on that one issue, I have little doubt that the electorate of inner London would (regardless of general party loyalty or affiliation) decisively reject politically extreme and doctrinaire policies.

Questions on tougher prison regime

From Mr Martin Wright Sir, The Conservative Party conference may be tempted to echo demands for "tougher" prisons since hanging has been decisively rejected. Such demands should be resisted, not from misguided sympathy for criminals, but for reasons of justice and prudence.

The problem of dealing with high-security prisoners, however, will remain. Either the 200 to 300 of them must be dispersed among the 2,400 top security prison places, which imposes unnecessary (and therefore unfair) restrictions on the low-risk prisoners who fill the remaining places; or they must be concentrated in one or two small units where many would be far from their families, facilities would be limited, and if they fell foul of staff or other inmates, there would be nowhere to move them to, as the Advisory Council on the Penal System rightly pointed out.

Repressive measures in Durham prison, incidentally, combines claustrophobic security and cramped conditions for both high and low-security women prisoners. If concentration prisons were introduced it should not be before the Prison Department had introduced better means of mediating minor disputes and adequate redress for major ones, including unrestricted access to lawyers, MPs, and independent doctors.

Secure, secret, punitive institutions are prone to abuse. Paradoxically, the longer the prison sentence, the better the physical and disciplinary conditions must be if prisoners are not to become like the time bomb which illustrates Peter Evan's article (August 2). Repressive measures degrade as who inflict them, provide ammunition for subversives, and provide other prisoners to joining protests. Many of these problems would be reduced if, instead of trying to reduce punishments, we looked for ways of requiring offenders to make amends.

Yours sincerely MARTIN WRIGHT, 107 Palace Road, SW2.

Brush with the law

From Mr John Hadfield Sir, How often one hears people say: "Nowadays it isn't safe to walk the streets of London after dark." May I quote an example?

One of my relations, a quiet young man, on leave from a teaching assignment in the Sudan, met some former colleagues in North London one Friday, and spent a convivial evening with them. About midnight, he was walking alone towards his parents' home in Hampstead. He was aware that he had had too much to drink, but was walking in a straight line, neither singing or shouting, nor breaking up the surrounding property. He had not spoken to anyone since he had left his friends.

A police car came alongside and he was asked to accompany the police to the station. He asked why. Whereupon the police threw him to the ground and handcuffed him, tightly and painfully behind his back (the wheels on his wrists were still visible four days later). Whilst in this position a policeman demanded that he admit he had been driving a car. This he denied, as he had not driven a car for two years. He was then taken to the police station and charged with being drunk and disorderly. He admitted that he had had too much to drink, but protested that in no way had he been disorderly. Asked to read and sign a statement put before him he asked for his spectacles to be given back to him, as he could not read without them. The policeman in charge said: "That's your attitude, is it?" held on to the spectacles, and pushed the young man into a cell for the night.

He appeared before the Bench on the following Monday morning.

Future of ILEA

From Mr L. J. Norcross Sir, Ronald Butt's suggestion (feature, July 21) that the Government should consider the option of direct elections as a solution to the problem of what to do about the ILEA, following the abolition of the GLC, is one which might well command widespread support.

It would meet the wishes of many teachers, parents and others who would like to see the preservation of a unitary authority (and there are countless educational arguments for not devolving responsibility to the boroughs), while presenting a real opportunity for removing education from the arena of doctrinaire party political contention.

Like law and order, education is an issue about which there is a fair measure of consensus (among parents, at least, if not among educationalists). Direct elections could provide the means by which this consensus could be given expression. If required to vote on that one issue, I have little doubt that the electorate of inner London would (regardless of general party loyalty or affiliation) decisively reject politically extreme and doctrinaire policies.

Detained in Uganda

From Mrs Antonia Hunt Sir, In his article on Uganda (July 18) Charles Harrison mentions that President Obote is "widely accused of being... indifferent when his political opponents are harassed or even murdered."

This passing reference hardly gives readers an inkling of the scale of the illegal detentions of unarmed civilians practised by the Ugandan army (Amnesty International has estimated that hundreds of civilians are detained in military custody at any one time), nor of the reports of their subsequent torture and, frequently, "disappearance" in military custody, nor of the alleged deliberate killing of many of the victims.

LETTERS TO THE EDITOR

Modest proposals on work for all

From Mr Ronald W. Davis Sir, I was pleased to see the recent letters in your columns (Messrs Hodgkinson and Beeson, July 28, and Mr Eden-Green, August 3) showing that these gentlemen understand the real nature of the phenomenon we call unemployment.

It is obviously clear to them, as it is to me, that a completely new attitude to the work contribution required of each of us has now to be developed. I am not sure how this can be done and it would be presumptuous of me to think that I could solve the problem alone. However, one thing, I believe, is clear: we, as a society, can generate all the wealth we need, and more, with each of us working less and less as each day passes.

Equally clearly, we have not begun to produce a social system to take advantage of this state of affairs. The frequency of the use of the slogan, "putting the people back to work" shows the lack of appreciation of the situation, often by those who aspire to high office.

I submit that the proper philosophy must be that we create the wealth required in the most efficient way, using the least amount of all resources, including the time and effort of people. This has been for many years, the principle task of engineers and of many scientists.

There is nothing holy about being employed for 35 or 40 hours each week and yet many influential people seem to think that only this level of application to work is acceptable and proper. Applying this argument, about 85% of the active population are used to produce all the wealth required by everyone. The other 15% "do" a pitance of that wealth while the 85% use their collective muscle to get an ever bigger share.

While those charged with managing our society, and those who aspire to do so, appear not to understand the situation, your previous correspondence all appreciate the problem and some offer solutions. To this end, and to attempt to publicise and identify the problem, the Chester and North Wales Chamber of Commerce are organising an open conference in the autumn on the subject of "A future strategy for employment". It is hoped to have ministerial participation, together with authoritative spokesmen from both "sides" of industry.

While solutions are not likely to be easily found, with all the attendant problems of property

Spirit of invention

From Mr Ian Howie Sir, As always your third leader last Saturday (July 29) made interesting and entertaining reading, but I would like to take issue with your final paragraph on the score of apple varieties.

May I make the point that the West Country does not have a total monopoly of cider making and that traditionally the South-east of England has made cider from a blend of cooking and dessert apples. Soon after the invasion in 1066 the monks at Battle Abbey were making cider on a commercial basis. In 1341 the Nonae Rolls recorded 80 parishes in Sussex paying cider tithes or taxes. The seventeenth and eighteenth centuries saw a decline in cider making and in the late nineteenth century West Country production came back into prominence. It was not, however, until 1946 that a determined effort was made by two young amateur wine makers to revive Sussex as a serious producer of cider. Using exclusively culinary and dessert apples from the South-east of England my company is now the fourth largest producer of cider in

Without honour

From Mr M. B. Lacey Sir, No Wykehamist and no New College man in the Literae Humaniores first-class honours list! Only two from Winchester and five from New College in the Greats honours list altogether, and of these two females.

One trusts that a close seismological watch is being kept on the tomb of William of Wykeham. Yours faithfully, M. B. LACEY, 102A Philbeach Gardens, Earl's Court, S.W.5, August 3.

Surprise slip

From Mr Martyn Goff Sir, Your correspondent, E. J. Craddock (August 1), writes that I was persuaded by The Bookseller to slip them the complete list of titles submitted for the 1982 Booker McConnell Prize.

Slip them? What an extraordinary suggestion, Sir! My press department was as surprised as myself by the appearance of that list in the organ of the book trade; and I wrote immediately to protest to the chairman of the Society of Moles (Arts Division) about it. Yours faithfully, MARTYN GOFF, Director, National Book League, Book House, 45 East Hill, Wandsworth, SW18.

Relatively speaking

From Alec Bristow Sir, Surely the word "whom" is now a pretentious archaism. The ordinary person's reaction to it is expressed in the following reported telephone conversation: "To whom am I speaking?" "Sorry, wrong number. Nobody we know says whom." Yours sincerely, ALEC BRISTOW, The Grange, Thwaite, NE5c, Suffolk.

applying aptitudes and abilities and defining responsibility, the problem will not be resolved unless a start is made. This we are modestly hoping to do.

Yours faithfully, R. W. DAVIS, Rosebank, Townfield Lane, Mollington, Chester.

From Mr John Chaloner Sir, It is alarming that Mr Alan Eden-Green (August 3) advances the principle of shorter working hours and thus paid jobs for all, in view of his important work for the Industry and Parliament Trust, a body that implicitly views both the political and practical sides of such matters. The clarion call for solving widespread unemployment by "divvying out" the available work in this way has already been heard from the trade union movement and will probably be heard increasingly loudly in time ahead because it appears, on first sight, attractive and reasonable.

Closer examination shows it fails to answer fundamental questions. What output will be achieved in the 20 hours proposed - the Japanese car production level or the UK output? Anyone involved in management of trade or industry will know that at all levels it is next to impossible to work out how two herdpersons can split milking the same cows, or two accountants can divide their duties. The imagination begins to boggle as one moves into the arcana of police, hospitals, the press and education.

Would the country as a whole be prepared to accept 20-hour remuneration? That is the nub of the problem, in that we have all probably elevated our living standard expectations beyond our collective means. Beyond that lies the even more uncomfortable truth that, despite recent decades of equal-opportunity education, we have not enough skilled and talented people among whom we could divide the work of our frighteningly complex society in the manner proposed.

In China I saw 30 men and women hand-holding cabbages and said that in my country a tractor and weed spray would do the job in an hour. My hosts politely enquired: "And what would the 30 workers do then?" Yours faithfully, JOHN CHALONER, Duddsland Farm, Cross-in-Hand, Heathfield, Sussex, August 4.

England and the success of Merdun vintage ciders must be due great measure to the excellent Bramley seedlings, Cox's, Worcester, Derbys, James Gieves and other apples grown in the South-east and developed from the experimental orchard at Teynham set in 1553 by Richard Harris, fruiter to Henry VIII. Yours faithfully, IAN HOWIE, Chairman, Merrydown Wine plc, Horam Manor, Horam, Nr Heathfield, East Sussex.

From Mr N. J. Starling Sir, There is no mystery in the fact that the English, despite inventing the steam locomotive, have never been great distillers of spirits. Sir, the potential of steam power was first realized (by a Scotoman) from the observation of a boiling kettle; the association in the English mind has always been with the great national drink - tea. Yours faithfully, N. J. STARLING, the Queen's College, Oxford.

The jobbers' cut

From Mr Jonathan Mervis Sir, Those who are worst hit by leaving the broker/jobber dual capacity intact are the multitude of investors in the large number of smaller companies quoted on the London Stock Exchange. There are currently about 1,300 companies, having a market value of under £10m.

As the number of jobbers dealing in any one of these shares is reduced to no more than three, they operate a cartel on prices (more difficult to achieve on the bigger, more active shares where there is strong institutional pressure). In most cases they no longer hold more than a nominal amount in value of these shares on their books, so avoiding the risks which constitute the raison d'être of their existence.

So the jobbers will continue to take their cut (which can be over five per cent of the value of a transaction) as members of their own closed shop, and to provide a service no longer relevant, and potentially harmful, to those very businesses it has become fashionable to encourage. Yours faithfully, JONATHAN MERVIS, J. F. Mervis & Co, 2 John St, WC1.

Intimations of mortality

From Mrs Victoria Wakefield Sir, Your correspondent, Mr Latham (July 26) no doubt the glass of fashion thanks to his wife, should take heart.

On the increasingly infrequent occasions on which I anxiously ask my husband, "How do I look?" he has been heard to mutter, "well, it depends what you are going as" he returns to the financial pages of The Times. Yours faithfully, VICTORIA WAKEFIELD, Brandeish House, Brandeish, Alresford, Hampshire.

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ing's glory

THE ARTS

Galleries: Michael Ratcliffe, in Vienna, reports on the flowering of exhibitions and entertainments to mark the tercentenary of the city besieged by the Turks

How devils became delights

It was almost as if the Viennese needed reminding. "Was ist der Turk?" demanded the Augustinian firebrand Abraham Sancta Clara in the early 1680s, proceeding at once, as firebrands will, to provide the answer. The Turk was the very simulacrum of Antichrist, he was decadent fifth, ein verdammter Weltstrimer, the hound of hell unchained.



Turkish barber's shop, from Austria and the Ottomans

Before many months were up, the hound of hell had stormed through Hungary, taken the suburbs of Vienna and was mingling with every sign of success, the walls below the Hofburg itself. The royal family had bolted, the citizens were eating donkey and cat, nothing but the relief of Vienna from the north stood between the all-conquering Ottoman army and Louis XIV, conspicuously inactive but watchful on the far side of the Rhine.

Vienna is celebrating the tercentenary of the traumatic second Turkish siege with a series of exhibitions and entertainments between now and the end of October. Asia begins not at the Landstrasse this summer but a mile or so away on the Karlsplatz, where the front of the Künstlerhaus is smothered in the enormous and jubilant replica of a Turkish campaign tent and a large exhibition, The Turks Before Vienna.

come: Leopold used with some brilliance the victory he had done so little to achieve, but he never strode past pattered jades of Asia into the Grand Vicer's tent in the manner depicted here.

He was still prudently way upstream when Poles, Lorrainers and Bavarians came bloodily down through the vineyards of the Wienerwald in the nick of time. After fierce fighting, the overpowered Turks fled - leaving behind them, according to Viennese lore, the coffee-house, the croissant, the horse-chestnut, the filac, the Turkish bath and the military band, all marvellous embellishments of Austrian life to this day.

These benefits did not all arrive overnight, of course, but there has always been an ambivalence to Austria's relations with the mortal enemy in the East which has tempered her required militancy with quizzical delight. Within twenty years of the siege, a Turkish delegation to Vienna were charmingly pictured playing games outside their lodgings in the city; in the 1740s a Turkish ball was held in the Winter Riding School and Maria Theresa was painted in Turkish dress. Alla turca, based on the firm thrust of the Janissaries' band, was a popular musical mode for more than half a century and "the magnanimous Turk" a stock figure of Rocco and early Romantic drama; fewer than a hundred years separate Mozart's Pasha Selim. The Turks before Vienna follows the popular "memory of 1683" through these and other themes as far as the Jugendstil version of Theresean Ottomania: Alfred Roller's designs for Der Rosenkavalier in 1910.



Girls making music, from The Turks Before Vienna

Fitwilliam Museum, Cambridge, which are among the loveliest things to be seen in Vienna this summer, but the approach pulls the show in too many directions at once, particularly where the iconography of the main event is limited, as here. One representation of the breakthrough on the Kahlenberg, after all, is much like another.

More successful, because smaller and more single-minded, is Austria and the Ottomans at the National Library, which takes the theme of ambivalence and intelligent curiosity and sticks to it. Through nearly four hundred books, documents, letters and prints, this exhibition follows the history of a fascination from the fall of Constantinople in 1453 to the wartime alliance of 1915: magnificent calligraphy, journals of men in the field, scenes of Turkish life.

PUBLISHING Law against justice

It was widely noticed the other day that Frederick Warne, Bedford Square publishers of Peter Rabbit and the other animals in Beatrix Potter's delicious menagerie, had been sold to S. Pearson & Son, owners of the Financial Times as well as of Penguin Books.

time for those who believe themselves, for whatever reason, to be depicted unfairly in books, or who would simply like to have a go, to reach for the writ and take action; and the libel laws being in the condition they are, for them to have a sporting chance of winning, and having a book withdrawn from circulation. If Mr Mocker, as a fairly well-known historian, is as legally he is, entitled to publish his views about someone dependent upon the accident of whether that person is alive or dead, the idea of free expression is surely brought into question.

Publishers at present are in a dilemma about libel, both because sending manuscripts to be read by experienced libel lawyers is increasingly expensive and because lawyers are being more tentative in advising. Novels are not even immune. One going the rounds of publishers is written by a respected and successful author who, until her recent divorce, was married to a figure in the public eye. The novel is about a divorce. The former husband declines to say whether, when the book is published, he will sue for libel, and publishers decline to sign it up without his assurance that he will not sue. It has been put to him that the figure he may (or may not) choose to identify with is so disreputable that it would serve him extremely ill to say "I believe that character is based on me, and I should like to know whether the law agrees".

Meanwhile, Faber & Faber here, and one or two publishers in New York, have extended their insurance policies to embrace any claims made against authors of the books they publish, as traditionally authors have no money when damages are awarded against them.

Had Mr Mocker's book been published after General Evett's death, his family and friends clearly would have been upset by the untrue things said about him but, paradoxically, because they could in law do nothing about it, Mr Mocker's assessment would have been but one in the common pool of views about General Evett. Another author could have refuted Mr Mocker with appropriate evidence and argument, both in the public prints and in a book. It is becoming easier all the

time for those who believe themselves, for whatever reason, to be depicted unfairly in books, or who would simply like to have a go, to reach for the writ and take action; and the libel laws being in the condition they are, for them to have a sporting chance of winning, and having a book withdrawn from circulation. If Mr Mocker, as a fairly well-known historian, is as legally he is, entitled to publish his views about someone dependent upon the accident of whether that person is alive or dead, the idea of free expression is surely brought into question.

Promenade Concerts

Hippolyte et Aricie. The singers both polished ornaments and a palpating vulnerability. John Aler and Rachel Yaker as the title couple achieved this excellently. So, too, did Suzanne Frowin in the terrible prettiness of Diana's music, the goddess careless of human beings in her pursuit of sport and amour propre. Jennifer Smith, who had been Diana in Aix, moved to the centre of the action as Phaedra, and brought to the role a stylishly cool yet penetrating characterization matched by beautifully poised singing. She discovered the emptiness of spirit in Rameau's Phaedra, and also, in her marvellous, quick-moving scene with Hippolyte, the nervousness. There was also a new Thebes in Ulrik Cold, a towering figure who could not save the lame second act but became splendid later in the opera, allowing a natural voice to sound through the embellishments of the vocal music.

Splendid support came from others, including Jules Bastin as three paternal divinities and Jean-Claude Brisson displaying a light tenor in various small parts. The Monteverdi Choir fielded a small, lively and exact team, and the English Baroque Soloists, under John Eliot Gardiner, showed they know every yearning sigh in the score, every tripping dance step.

Paul Griffiths

BBCSO/Davies

Albert Hall/Radio 3 Before Friday night the American conductor Dennis Russell Davies had not appeared in front of an English audience. It was a bold and admirable decision for him to conduct a work by another musician who deserves more attention here than he gets, Hans Werner Henze.

His Ariost, written in 1963, is a deeply felt personal lament for a broken love affair, using lines by Tasso. It is extravagant, but only through its boldness in exposing an emotion that most of us have to endure in one form or another at some time. In the composer's words, it is sympathetic in nature, although the three sung movements that frame the two purely instrumental interludes are surely too intimate to encompass the scale such terminology implies. Rather, these are fragmented songs, with a soprano and a solo violinist depicting respectively the spurred and the errant of the couple in fragments of melodies. The mood ranges from the desolation of the opening "Qual rigarda o qual pinto", whose slowly descending and overlapping scales create an atmosphere of primal force, to the anger which precedes the final yearning for death.

Stephen Pettitt

Theatre Fascinating ambiguity of tinsel and real sterling

John, Paul, George, Ringo... and Bert Young Vic



Peter Capaldi (John) left, Martin Stone (Ringo), David Marrick (Paul), Wayne Jackman (George) and company

Up to now the repertoire of sure-fire touring-pocket-musical-for-kids revivals has consisted mainly of Joseph, Joseph, Godspell, and Joseph. But Willy Russell's Beatle musical of 1974 now shows that it was overdue for revival and should have been there all the time. Its irony and bitterness ensure that it is not performance-proof, but David Tognoli's production, however technically polished and fast, has not left its brains at the stage door.

It would benefit from a stronger ending than the present one, which leaves Bert in a passive role, barking back to the great days of the group he cheered and refusing to recognize what music has become. But the show's central idea is indestructible and would work even for a Marian audience not knowing one end of a guitar from the other.

Talent working itself up from nothing, achieving success which can barely be comprehended, finding itself at the mercy of the publicity that depends on that and watching everything senselessly crumbling away: that will go on happening in the age of the group, and it hardly needs the sight of a "plastic man" taking their place to make an audience feel the waste.

The four lads themselves are scarcely look-alikes, but they play and talk about together as if they had known each other all their lives. Maybe that is what comes of having a choreographer as director.

Paul (David Marrick) is stocky and Ringo (Martin Stone) is a resentful ferret with feeble sideburns, but they trace a strong, straight line from the hysteria at Epstein's first contract to mobbing crowds at American airports and final disintegration on a film set, as John (Peter Capaldi) and Yoko

Parts I-IV Riverside

Michael Clark's new work is a strange mixture: the first half (which was premiered recently in France, and works very well without the rest) almost entirely successful; the second half attempting an interesting effect with pre-recorded video sections, missing its aim, but recovering, to a characteristically provocative finale.

focus to draw them back into the group. Three good dancers borrowed from Ballet Rambert, Catherine Price, Ricky Maas and Hugh Craig, carry the main choreographic weight, while two other men, Stephen Goff and Gregory Nash, add a kind of ground bass and Gaby Agis imposes a keen individual style that complements Clark's own.

In Part II, also an ensemble work, part of Bartok's Music for Strings, Percussion and Celesta provides an atmospheric break from the pop or electronic music used elsewhere, and the mood of the dances changes to match its threatening manner. Clark moves into a more prominent role as the victim of nightmare incidents.

After the interval, the stage is left entirely to Clark, a tough-looking young man in boots whom I imagine to be his video collaborator, Cerith Wyn Evans, and three television sets on wheeled trolleys, complete with video machines. The idea of showing fragmented sections of one dance, from different

Dance

angles and out of synch, has possibilities, but with small screens in a large room it does not work. From the third row, I could just about follow it: what about those in the tenth row? Adding a live dancer dimly glimpsed in the darkness behind compounded the problem.

John Percival

Scheherazade Festival Hall

With full houses all week for

Television Grimly authentic

Time was when the Mersey bid fair to become our own Swanee River. Along its banks the quaintly underprivileged gruffly survived with lugubrious humour, very remote and a patois recognizably English but delightfully idiosyncratic. They even evolved their own music. For a time, after their discovery in the Sixties, they were lovable.

Conventional wisdom (ie television) has now relocated Merseyside on the Stax, in one of the less suburban circles of hell. The first episode of One Summer (Channel 4) plucked us into a cross between The Backboard Jungle and West Side Story, where apathetic passers-by refuse aid to the mugged, juvenile gangs brandish knives and hot curries over disputed territory, and even the most sympathetic teachers are robbed by schoolboys whose smooth organization and impeccable teamwork mark them out as future candidates for the Queen's Award to Industry.

Billy is streetwise, contemptuous of school though dissatisfied with the aimless braggadocio of the gang ethos, adept at pilfering ciggies, holding up the habits of the local and scrambling out of the classroom window and over the wall when he decides he has had enough of school for one day. His home is depicted with a vehemence that initially lingers dangerously near Monty Python send-up. Bingo-obsessed Mum emerges from near-catastrophic trance to revile the family; Billy and sister exchange sibling badinage; unheeded television competes inexorably with baby's screams. An urban equivalent of Cold Comfort Farm would be like this.

Anthony Masters

John Percival

هكذا من الأصل

HENRY BUTCHER... SALES PLANT... 01-40584th

Investment and Finance

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THE TIMES

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STOCK EXCHANGES

FT Index: 723.0 FT Gilt: 79.03 FT All Share: 450.87... Paris: CAC Index: 131.4 Zurich: SKA General: 294.9

CURRENCIES

LONDON Sterling \$1.4855 Index 84.3 DM 3.9875... NEW YORK Sterling \$1.4870 INTERNATIONAL ECUE0.571595 SDRE0.708654

BOARD MEETINGS

TODAY - Interim: Anglo Mordic Holdings, Edinburgh Securities... WEDNESDAY - Assurance, Foreign and Colonial Investment... THURSDAY - Interim: BOC (Quarterly), IF and JH Brakke... FRIDAY - Interim: Alliance Trust, Ault and Wiborg, Prestige Group

ANNUAL MEETINGS

TODAY - Brangwen Group, Great Eastern Hotel, Bishopsgate, EC2... TOMORROW - Charter Consolidated, London Suite, London International Press... WEDNESDAY - Tar, Products, Grosvenor House Hotel... THURSDAY - Robert Fleming Holdings... FRIDAY - Memory Computer, Berkeley Court Hotel

Japan wants cheaper coal

Japanese steel companies are to ask for significant reductions in the price of Australian and Canadian coking coal to be shipped under long-term contracts. The aim will be to bring long-term prices more in line with price cuts won in this year's round of annual price negotiations...

Gatwick rail link is favourite for privatization experiment

Lawson may let state industry raise private cash for special projects

The Treasury has reluctantly agreed after years of study and argument to consider an experiment in private fund-raising by the nationalized industries. The move could mark a shift away from the Government's rigid privatization programme. Under pressure from employers and the trade unions, Mr Nigel Lawson, the Chancellor, has agreed that a volunteer from the ranks of the state corporations could be allowed to raise private capital for a specific project. Top of the list is likely to be the British Rail plan to launch a bond to finance the upgrading of the Victoria to Gatwick rail link...

P&O chairmanship statement due today

Lord Inchepe, chairman of P & O, has promised to make a statement to shareholders today on the future of the company. The move comes after growing speculation that he is about to be replaced as chairman by Mr Jeffrey Sterling, recently appointed as deputy chairman. A decision to hand the chairmanship of P & O to Mr Sterling has been widely anticipated since Trafalgar House launched its £300m takeover for the P & O shipping and property group. The appointment of Mr Sterling would heighten speculation that P & O is preparing to merge with Town & City Properties, the property group which he also chairs. Mr Nigel Brookes, chairman of Trafalgar House, has previously indicated that he would not go ahead with the takeover bid if P & O were to merge with Town & City. The Trafalgar House bid has already been delayed by the decision to refer the proposed takeover of P & O for investigation by the Monopolies Commission. But the emergence of Mr Sterling as a candidate for the chairmanship of P & O is seen as a potentially greater threat to the takeover attempt.

Arms group seeks to raise £43m

International Signal & Control Group, the US-based electronics weapons company which won a London stock market quotation last year, launches a big fund-raising exercise today. The group hopes to raise £43m from an offer for sale by tender of 34.6 million new shares at a minimum tender price of 12.5p. At the same time, existing shareholders will be given one free share for each share already owned. The funds will be used to pay for the acquisition of Marquardt, a California-based arms contractor which provides steering equipment for US military aircraft. The offer for sale is the group's second big effort to raise funds since it gained a London listing. When it came to the market last year, it raised £30m, also by an offer for sale. International Signal came to London rather than New York for its share quote because the American disclosure requirements would demand the release of the names of its customers.

Overseas orders lost through fears over guarantees

Britain is losing a substantial number of orders because companies are frightened to perform bonds demanded by overseas customers. But a Department of Trade and Industry inquiry has concluded, the horror stories circulating among exporters - about bonds worth several hundred million dollars being maliciously called - bear no relation to the facts. The enquiry was conducted for the Overseas Project Board. The senior industrialists and department officials who advise the Government on high level policy, it found that demand for bonds has now spread from the Middle East to the Far East and South America, and that even small exporters are being asked to put up guarantees. The working party took evidence from international bankers, the Export Credits Guarantee Department and private insurers as well as

By Edward Townsend, Industrial Correspondent

£3,000m gas sell-off proposed

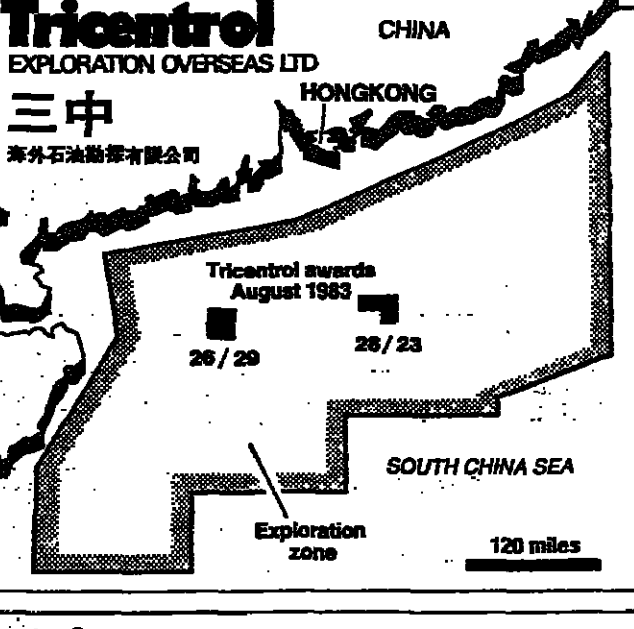
The Government is considering plans to raise £3,000m on the sale of shares in the British Gas Corporation. The move to sell a 51 per cent stake in the company by floating shares on the stock market would constitute the second largest privatization measure by the Government after the proposed sale of British Telecom. Mr Peter Walker, the new Energy Secretary, and his fellow

CEGB rules out French deal

The Central Electricity Generating Board has ruled out a partnership agreement with its French counterpart to build a £2bn fast breeder reactor (FBR) power station at a British site. But it will announce in the next few months a programme to develop FBRs with the French and other EEC generating authorities. Development of FBR power stations in Britain suffered a setback six months ago when Mr Nigel Lawson, who was then energy secretary, announced a slowing down in the research programme. Environmental opposition to FBRs; escalating development costs and the delays in the inquiry into the siting of a pressurized water reactor (PWR) nuclear power station at Sizewell, Suffolk, seemed to rule out Britain going ahead with FBRs on a commercial scale. However, enthusiasm for the project within industry, particularly from Sir Walter Marshall who left the UK Atomic Energy Authority a year ago to become chairman of the CEGB and from Mrs Thatcher who is in favour of nuclear power, has led to a new surge of interest at Cabinet level in the FBR programme. FBRs use uranium and plutonium, produced by existing nuclear power stations from uranium, 60 times more efficiently than existing reactors. The French have run into financial problems with their FBR programme - massive dollar borrowing to finance its projects has almost bankrupted the French generating authority, Electricité de France (EDF) -

Tricentrol joins in China oil exploration drive

Tricentrol, the British independent oil company, has followed BP into development of China's offshore oil industry in the South China Sea. The area has been described by oil industry analysts as a "new North Sea" and as the last possible offshore oil area. The Chinese Government yesterday awarded the second drilling concession in the Pearl River Basin of South China Sea to a consortium headed by Occidental whose chairman Dr Arman Hammer officially signed the contract. Tricentrol has a 10 per cent share of the consortium. The new contract takes the British company into the Far East for the first time. Its main centres of activity have so far been in the North Sea, America, Italy and onshore developments in Britain. While BP can justifiably claim that the awarding of the first big contract to it is a reflection of the esteem in which the Chinese hold the company, Tricentrol's serious approach to the contract has impressed the Chinese energy department. The other main partner in the Occidental-Tricentrol consortium is the French company Elf. It is the French who are likely to lead the next stage of exploration in the Chinese offshore area. Some US companies have been disappointed with preliminary exploration, but over the weekend the French group CFP announced a big oil find in the Weizhou area.



Bond stories scare exporters

INTERNATIONAL TRADE contractors and general exporters. It meets again next month to decide on a set of recommendations for exporters. Performance bonds were introduced in the early 1970s to calm the nerves of the newly-rich oil states. They wanted assurances that the huge number of multi-million dollar projects they were ordering would not only be completed, but would actually work. Stories abound that Libya has called bonds, for no good reason (as bond-holders are entitled to do under "on demand" clauses) against Italian, German and British companies. However, since the ECCD introduced an insurance scheme in 1975, it has paid out only 20 claims, involving a total of £3.2m. Most have been recovered. The fact that its scheme at

Options run out on interest rates

There comes a stage in the life of all governments when events seem to foreclose the options. British governments, in particular, have wrestled vainly with the economy in the post war period, and the last Conservative Administration was apparently luckier than many, if unemployment is excepted. But there are some uncomfortable signs that luck may be running out already for Mrs Thatcher's second administration. The problem is widely considered to be the dollar. In the absence of corrective action by the Federal Reserve Board the pressure on British interest rates should intensify. But the Prime Minister has a strong dislike of high interest rates. It must be most galling after the success - albeit perhaps temporary - in cooling down inflation to see real interest rates at their present levels. There is no question that higher rates will throttle the infant recovery. But risky as the exchange rate course might be, the Government will probably be obliged to place much of the emphasis there. Even if the next set of money figures is encouraging, the underlying growth remains faster than the authorities would like. It is true that private and corporate loan demand could be cyclically weak over the next 12 months, but in that case tighter restrictions on the money supply could also hinder recovery. The temptation to let sterling bear the brunt may paradoxically be increased by the fact that inflation will rise again next year anyway. It may not matter much politically whether price rises are 7 or 8 per cent by the end of the next year. In any event, the Government must accept that the bottom of the interest and inflation rate cycle has been passed. If base rates can be held to only 17 per cent by the end of next year the Government should not grumble. In that event, ironically, real interest rates would be appreciably less than today. The shape of the yield curve would depend greatly on how the markets viewed inflation long term, but the higher short term nominal rates seem likely to bring gross domestic product growth down to below 2 per cent again. The size of the Government's problem, therefore, is that even if it lets the pound - the least rigid variable - depreciate, interest rates will go up by enough to raise the spectre of the recovery petering out in 1985. Inflation will rise faster, and hopes of reducing the growth rate of unemployment, let alone cutting the number of jobless absolutely, will be dashed. What will be the options then?

IN BRIEF

● Nigeria has reached agreement with the International Monetary Fund on a loan package to help it out of its economic crisis, the transport minister, Mr Umaru Dikko said yesterday. He said the IMF had not insisted on a devaluation. ● Rolls Royce is to supply two turbines, which will use flared gas to produce electricity in Rivers State, Nigeria, under an Export Credits Guarantee Department-insured loan of £19.5m.

Craxi to outline Italy's recovery plan

From John Earle, Rome Signor Bettino Craxi, Italy's first Socialist Prime Minister, will outline in Parliament tomorrow his new five-party coalition's plans for tackling the recession, which is persisting here more strongly than in other Western industrialized countries. Priority will be given to cutting inflation, still about 16 per cent, but targeted by the government to fall to 10 per cent next year. It hopes to reduce the public sector borrowing requirement from 16 per cent of gross domestic product to 13.5 per cent, which means holding it at IL80,000bn (£34,000m), instead of allowing it to increase next year to IL120,000bn (£51,000m). The Christian Democrat and Republican partners insist that wages should not increase in real terms for three years. There is talk of trimming further the system of automatic wage indexation, under a social pact with the unions. Interest rates were expected to remain high.

ICGas Imperial Continental Gas Association

Salient points from the speech of Mr. F. E. Zollinger, Chairman, at the Annual General Meeting on 5th August 1983.

Profit and Dividend The Group's attributable profit of £29.148 million for the year ended 31st March 1983 was fractionally above the previous year (£28.651 million) and constitutes the highest net profit ever achieved by IC Gas. The proposed rate of dividend for the year is 10.5p per £1 stock unit (1982 9.2p per £1 stock unit). The final dividend of 7.5p is payable on 19th August 1983. A controlling stake was recently acquired in Amcan Oil Corporation in order to obtain the nucleus of an organisation in the United States. This provides a team of experienced oil men which should allow activities to be expanded there. Calor Group Calor had to contend with the combined effect of economic recession and an abnormally mild winter and its sales fell in volume for the first time in many years. The rise in pre-tax profit demonstrates that Calor's persistent efforts to render its operations more efficient have borne fruit. The campaign to provide domestic central heating, hot water and cooking facilities from a bulk tank or large cylinder has been well received and its potential appears to be greater than originally envisaged. Market penetration of Autogas has been less rapid. Calor will persevere with both ventures to reduce the disparity between summer and winter sales. Economic conditions had a detrimental effect on UNERG whose sales of electricity and gas declined. Nevertheless, its profit showed a respectable advance, enabling UNERG to raise its dividend. This result was primarily achieved through concentrated efforts by the electricity sector to improve its productivity. Petrofina Petrofina's profit rose by 15%, demonstrating its ability to operate successfully during a period when the oil industry had to contend with exceptionally difficult conditions. Moreover, its record shows consistency. Oil Operations For Century Power and Light the year was one of steady progress. Final checking procedures on the Maureen production platform are being completed and, all being well, the field will come on stream within the next few weeks. Early in 1984, a daily output of 90,000 barrels is foreseen. The Hewett gas field may be entering a new phase, the indications being that its productive life will be longer than previously expected. Similarly, the higher prices which the British Gas Corporation now concedes make the Audrey gas field potentially more interesting. Furthermore, recent market developments and especially the improved tax climate render the Andrew field financially more attractive. Prospects Over the past four years, some £300 million has been invested in new fixed assets and subsidiary companies. Once the clouds on the economic horizon begin to lift, the benefits already obtained from these measures in the shape of improved efficiency and lower production costs, can justifiably be expected to gather momentum. It is in this context as much as that of first oil production that the Directors have recommended a 15% increase in the dividend.

Copies of the full Speech and Annual Report may be obtained from the Registrars, Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

John Lawless

Call for unitary tax to be abolished

By Michael Priest

President Reagan is under increasing pressure to decide within the next two or three months whether to abolish unitary taxation. It is possible, however, that Mr Reagan will prefer compromise legislation which would exempt foreign companies from the unitary taxes levied by American states.

Under unitary taxation, otherwise known as worldwide combined reporting, a government taxes a company within its jurisdiction on the parent's operations represented by the worldwide sales, payroll, assets or profits of the group of which that company is part.

The result can be much higher tax bills because companies normally pay tax only on their local profits, and that tax can be offset against tax payable in their country or state of origin.

Mr Reagan will be briefed on the issue by the Cabinet Council on Economic Affairs, which consists of representatives of the main departments of state and members of the President's staff.

The unitary tax dispute erupted again in June when the United States Supreme Court upheld the right of states to levy taxes by this method in *Container Corporation vs California*.

A clause in the double taxation treaty between Britain and the United States, which would have abolished unitary tax, was rejected by Congress in 1980.

The President now finds himself at the centre of a propaganda war being fought between foreign opponents of unitary taxation, including 60 British companies, and partisans of states rights.

The Council on Economic Affairs might decide that the US Solicitor General should file an *amicus curiae* brief in support of *Container Corporation's* petition for a re-hearing of the Supreme Court case.

Unitary taxation has become the latest trade issue to cause friction between the United States and its partners. Britain, the EEC, Japan and American multinationals have protested about the "extraterritoriality" implied.

The British Embassy in Washington is devoting considerable time and effort to building support on Capitol Hill. Mr Donald Regan, the US Treasury Secretary, is believed to have told the British Ambassador to Washington a month ago that the Administration will consider legislation to reverse the Supreme Court finding.

City institutions in change - 1: The Bank of England by Peter Wilson-Smith and Graham Searjeant

Why the new Governor will have an increased authority



The more powerful Leigh-Pemberton: the cat keeping the City mice in their place

When Mr Robin Leigh-Pemberton, patrician chairman of the National Westminster Bank, was appointed as the new Governor of the Bank of England, he was naturally deluged with queries about his views on monetary control, the future of sterling and like economic matters of moment. They have periodically thrust the Bank of England into the limelight for at least a generation.

As the present seasonal currency upsurge demonstrates, some things do not change. Yet the search for the new appointee's economic mind was largely an anachronism, a relic of the days when the Governor could have a decisive influence on one half of a government's economic strategy.

The Governor's American counterpart, the chairman of the Federal Reserve Board, still plays this role. In Britain, the Governor has long been an agent of the Chancellor's will. In the past few years, the control operated by the Treasury, since it discovered money, has become much more detailed and comprehensive.

Yet paradoxically, the spread of a new philosophy from Downing Street, in changing the role of the Bank of England, seems sure to make Mr Leigh-Pemberton a much more directly powerful figure than his predecessors.

Planted at the centre of the square mile, the Bank was traditionally seen as the government's representative in the City and the City's representative in Whitehall, doubling as an informal head monitor - to bankers in particular, and financial markets in general.

In the generation of the managed economy, this informal role became dwarfed by the sheer technical business of managing and manipulating sterling, interest rates and the debt markets so vital to government borrowing in ever larger amounts.

That role became increasingly impossible, as occasional disastrous mistakes on the exchange rate demonstrated so clearly in 1976. Yet it lasted into the Thatcher era, when phase one monetarism left the Bank with the awesome task of removing inflation simply by the manipulation of markets.

The Bank has never got the hang of managing the money supply to this day, producing endless clever schemes that merely end in distortion. But the lesson was at last learnt. And with it, is coming an undramatic revolution in the role of the Bank of England.

It will manipulate less and less, but the new era, given over to free market forces, will give it a supervisory role of far greater authority than ever before; not so much the head monitor, more the cat keeping the City mice in their place.

The British banks, deposit-takers and foreign banks in London, and the almost self-destructing Lloyd's insurance

market have already seen this new muscular role at work. For the baronically independent Stock Exchange, whose sentiment with government last month owed something to Bank support on high, it is just beginning. For building societies, it is surely not far away.

Indeed, it may soon not be an exaggeration to see the Bank of England as an ever-so-British, nod-and-wink equivalent of America's bureaucratic and all-embracing Securities and Exchange Commission.

The Bank of England will not abandon its own ways. Traditionally, its power in the City has rested on what bank insiders call "customary authority". The influence of this method rests partly on regular personal contact - not so easy in an era of worldwide dealing by hundreds of banks - and partly on the personal standing of the Governor, doubtless enhanced by the imperial, not to say imperious, manner of the late-retired Lord Richardson.

In areas such as the discount market, where the Bank can hold the power of commercial life or death, this is quite sufficient. But others may question whether the emperor has clothes.

When the Bank arranged a marriage between Standard Chartered and the Royal Bank of Scotland, the Hongkong and

Shanghai Bank simply presented the market with a higher bid. The Monopolies Commission, in vetting both bids, barely said Lord Richardson's face.

The "customary authority" is still much used, usually with great effect. The appointment of Mr Ian Hay Davison earlier this year as chief executive of Lloyd's was a classic case of the Governor bending ears and exerting pressure, although he had no specific authority to do so.

Formally, insurance comes within the remit of the Department of Trade. But when Lord Richardson, exasperated with the succession of scandals at Lloyd's and their possible side-effects on the City's good name, let it be known that Lloyd's should appoint an outside chief executive, it happened within months. And it was the Governor, rather than Sir Peter Green, the Lloyd's chairman, who offered the job to Mr Hay Davison.

In the June issue of the Bank's *Quarterly Bulletin*, a review article on the Stock Exchange's Unlisted Securities Market said that the market's success might be tarnished by too many speculative issues. Since then, the Stock Exchange has suddenly started rejecting a significant proportion of would-be new entrants.

Lloyd's was in trouble and

the Stock Exchange caught at a sensitive moment. The balance of power, however, is sometimes different. When banking supervisor Mr Peter Cooke appeared to suggest that the clearing banks should be cautious with dividend rises, several bank chiefs - most notably the chairman of Barclays - made it publicly clear that this was a matter for them. The Bank hastily agreed, explaining that it had been misinterpreted.

The big pension funds and insurance companies are likewise no pushover. The Bank of England has for years been trying to chivy the big investing institutions as well as the clearing banks into taking a more responsible and constructive attitude towards financing British industry, whether by making longer-term commitments, aiding rescue plans or providing the seed corn for new-generation companies.

Perhaps the most remarkable feature of this exercise is that it should take place at all and that it should have been stepped up, most discreetly, during the phase of the present Government's hands-off attitude to industrial collapse. But the process of persuasion - first, through Lord Benson and, latterly, through Mr David Walker, one of the Banks new directors, has been long and

painstaking. It has achieved only limited success.

Persuasion, let alone a nod of the head, is not always enough. The Bank really learnt this lesson in 1973 when its traditional methods wholly failed to stem speculative lending and the subsequent collapse of many fringe and several large banks. This traumatic episode led to immediate reforms and much more systematic bank supervision. It also laid the ground for the far-reaching reorganization of the Bank pushed through in 1980 by Lord Richardson.

On the other side, it created an elite corps to handle policy, supervision and market operations. Here, Lord Richardson assembled a group of top class younger directors, including Mr Walker and Mr Anthony Leech from outside and Mr Eddie George from within, and put them in charge of areas of bank activity under the Governor and his able deputy, Mr Christopher "Kit" McMahon.

The result is more like the compact headquarters of a multi-tentacled conglomerate than a partner bank which the Bank of England's formal building and liveried funkeys tend to suggest. The move surely prepared the Old Lady of Threadneedle Street both for more organized firefighting and for more systematic new roles. The fringe bank experience

set off another change in this central City institution that was to be of great significance for the future. It led the Bank of England's supervisory powers to be enshrined in the 1979 Banking Act, adding formal statutory rules to "customary authority".

The Bank's surveillance role - with the consent and agreement of members - is built into the rules of life, the new financial futures market in whose development the Bank has always taken a close interest. The Lloyd's Act now gives the Bank the outwardly limited power to approve three lay members nominated by Lloyd's to its council, though the Bank's informal efforts have been far more important.

The Stock Exchange settlement to obviate restrictive practice litigation, gives the central bank a similar role plus a general duty to supervise reform and development.

The brokers and jobbers may soon find that the Bank is no more protector from outside interference. The Bank was less than happy with the way the Exchange adapted - or failed to adapt - to the modern world. It will probably use its influence to promote orderly change to make the Exchange more competitive in international securities trading, and to encourage the Exchange's troubled split functions and monopolies.

Likewise, the building societies want a new act of parliament to extend their scope. This would provide an opportunity, unlikely to be missed, to bring these independent giants of saving, hitherto regulated as already societies within the Bank of England's formal orbit.

Finally, the Gower report on investor protection is likely to recommend much more comprehensive supervision of a range of activities from trusts and licensed dealing in securities to commodity trading. This would be through a combination of reformed protection of investment laws and self-regulation.

The Bank of England already plays a part. It keeps a watchful eye on commodity markets as well as exchange control monitoring. Further, a Bank Department Set up in 1976 to keep watch over the securities business. It led to the representative Council for the Securities Industry, in which the Bank dominates; it appoints chairman, deputy chairman and three lay members as well as organizing the appointment of a director-general who now double-hats on the CSI and the Takeover Panel.

But Professor Gower thinks the CSI and Takeover Panel "wholly successful and the bank is likely to take a still stronger role in a beefed-up organization."

So far, most notably in administering the Banking Act, the Governor's people have maintained much of their reputation for informality, exercising discretion and flexibility on asset ratios and lending limits. The Bank's flexibility is in stark contrast to the legalistic ways of the Securities and Exchange Commission. If it retains its financial heroes, have to be ruled by anyone, they would settle for the Bank of England.

One thing is for sure. As the central bank moves away from manipulating markets and bureaucratic controls, so it is growing more powerful in supervision and influence. It may not decide what happens in City markets, but it will determine more and more how it happens.

US jobs figures underline recovery

Washington (NYT) - President Reagan has described the drop in US unemployment rate to 9.3 per cent of the labour force reported at the weekend as "new and dramatic evidence of the ongoing economic recovery - great news for all Americans".

Speaking at a lunch for Hispanic leaders, he said: "I understand that many of you come from districts where the unemployment is not evenly distributed, according to a national survey. There are still pockets of great and ugly unemployment. So we are going to keep on with what we have been doing until we can eliminate those pockets as well."

Dr Martin S. Feldstein, chairman of the President's Council of Economic Advisers, described the weekend's figures for July as spectacular. The improvement in unemployment is far greater than almost all previous forecasts. The sharp rise in the July employment levels is a clear indication that economic activity in the third quarter has gotten off to a very strong start and the new figures appear to confirm that the rise in the gross national product in this quarter can be in the same range as the second quarter's sharp growth spurt. Dr Feldstein said.

"The Administration was particularly pleased that there was a July reduction in long-term unemployment that causes so much personal hardship", he added.

Mr Thomas P. O'Neill, the Speaker of the House of Representatives, issued a statement saying the news on unemployment was good news indeed. "But we still have a long way to go, with 10.6 million Americans out of work. The big question is not the initial strength of the current recovery, it is its duration", he said.

An official of the Bureau of Labour Statistics said a survey of business establishments showed another month of widespread job gains, particularly in construction, durable goods manufacturing, and in services.

The jobless rate for car workers in July was down to 9.1 per cent, falling from 24.9 per cent last November. There were also substantial increases in the number of jobs in the manufacture of transport equipment, machinery, and electrical equipment. The length of the average workweek, another important indicator to economists, continued to edge up, reaching 40.3 hours in July. This was a gain of one and a half hours since this leading indicator reached its low last September, the Bureau official said.

Hard times for Texas economy

Houston (NYT) - While America as a whole appears to be recovering from recession, the once-booming economy of Texas has become a glaring exception.

The unemployment rate for Texas grew to 8 per cent from 7.7 per cent last month, making it the only important industrial state to show an increase, according to the Federal Bureau of Labour Statistics.

The figure for Texas disguises enormous variations within the state. Unemployment is worst in the areas that depend on the depressed oil industry, such as Houston.

According to the Texas Employment Commission, unemployment in the Houston area reached 10.1 per cent in June, the highest since the state began compiling such figures.

Even worse off are border cities like Brownsville, Harlingen, El Paso, where economies have been reeling since the devaluation of the Mexican peso last year. Laredo unemployment was 27.2 per cent in June.

But unemployment in the Dallas-Fort Worth area, whose economy is diversified and is based on banking, finance, electronics and military contracts, is just 5.7 per cent.

Also doing well are Austin, with 4 per cent, and San Antonio, with 6.3 per cent.

The state has reported that the 11-county Dallas-Fort Worth area has overtaken Houston as the leading employment centre, with 1.69 million workers against Houston's 1.64 million.

Parts of Texas have never been as wealthy as the state's resources and, ironically, they find they are far too dependent on oil given the worldwide surplus.

Unemployment in Texas hit a peak of 9 per cent in March, then rose again last month. The south-west regional commission for the Bureau of Labour Statistics, Mr Bryan Richey, based in Dallas, said the increase was a temporary setback.

All Texas is better off than all nine other main industrial states except Massachusetts, whose unemployment rate was 5.9 per cent. Michigan remains the highest, with 12.1 per cent, while New York, with 8.5 per cent, and New Jersey, with an unchanged 8.4 per cent, are still slightly worse off than Texas.

Economist Roger Bootle looks at the currency markets

Anchoring exchange rate expectations

Like God and motherhood, stable exchange rates are now perceived as "a good thing", but unlike the other two, debate rages over how stability can be achieved.

Perhaps four years of monetarism should have prepared us for the answer now proffered by the unfettered free market brigade - it will all be right once inflation is tamed. This is the new post-Williamsburg consensus on exchange rates or in other words, the new excuse for doing nothing.

But even now it is difficult to swallow the attempt to bracket interest rates along with unemployment as something which governments can or should do nothing about.

There is no denying that inflation, in some sense or other, has been the proximate cause of many of our recent exchange rate difficulties. But across the world there is marked

concern that exchange rate movements have often not been justified by changes in the fundamentals - including inflation.

There is a feeling both that exchange rates have been excessively volatile and that key rates have been carried away from their long-run equilibrium levels for considerable periods of time.

Moreover, if you could abolish inflation overnight there would be other fundamental factors demanding assessment and a currency market response. Variations and discrepancies between countries in the growth of real expenditure, irrespective of the rate of inflation, can have marked effects on the balance of payments, and hence on the exchange rate.

Similarly, competitiveness can shift because of domestic factors unconnected with inflation, such as technological progress. Countries may also make different choices about the stance of their monetary and fiscal policies - whatever the rate of inflation.

Each of these factors is highly relevant to the exchange markets and each of them therefore properly requires assessment by foreign exchange operators.

So the key question about our current exchange rate regime is whether foreign exchange markets are good at making rational assessments of economic fundamentals.

If they are, then the exchange rate problem may effectively disappear once (if) inflation is beaten. But if they are not, then the problems of excessive volatility and disequilibrium of rates will recur, with the focus of attention simply transferred from inflation to some other variable.

There are several factors

suggesting that exchange markets, unaided, or not good at making such rational assessments. Above all, there is the monumental uncertainty about the future exchange rate when there is no exchange rate policy to anchor its value.

One way of dealing with this uncertainty is to avoid it altogether by curtailing or pulling out of operations whose outcome depends crucially on what happens to so capricious a variable as the exchange rate. This may well be the way

Uncertainty about the future exchange rate will remain if there is no policy to anchor its value

industrialists respond (thus limiting the growth of world trade and, with it, our prosperity) but it does not offer much of a solution for professional investors or currency operators. They incline towards a second way of dealing with uncertainty behaving as though it did not exist by latching on to some fashionable idea, theory, or variable, and running with it for all it is worth before dumping it for another idea as soon as it has had its day.

This goes hand in hand with short-time horizons. Investors making a big play in the currency view but rather limit their crystal ball gazing to the near future.

Then there is the structure of the foreign exchange markets. They are dominated by professional dealers

Being wrong about a currency is not so terrible for them people so long as they are wrong in company with lots of others.

But the penalties for being wrong on your own can be severe. So the conventional view acquires a special force, and dealers are prone to herd-like behaviour. Moreover, the conventional view is formed with only casual attention to, and limited understanding of, the economic fundamentals.

This is a field where the charitists hold sway. Surely they must be the entrail readers of the modern era.

Lastly, if an exchange rate becomes fundamentally misaligned, it can be a long time before the chickens come home to roost. Unlike the exchange markets, the real economy is forced by technological considerations, to operate with long time horizons, and long lead times.

So the misaligned can go some way before its consequences become apparent. It can even, sometimes, so alter the performance of the real economy as to validate the misalignment.

The high levels of sterling since 1979, for instance, by exacerbating the recession, have helped to maintain a current account surplus, which has in turn bolstered sterling.

So the exchange markets are prone to weakness in assessing the fundamentals. There are three courses of action open to the world's leaders to deal with this problem.

Firstly, they could seek to establish controls over capital movements. Secondly, they could subject all domestic economic policies to the maintenance of specified exchange rate objectives. Thirdly, they could help the markets to be guided more by fundamentals than by will of the wisp.

The first approach, if it worked (which is doubtful),

U.S. \$150,000,000
CREDIT LYONNAIS
Floating Rate Notes Due 1995

In accordance with the conditions of the notes, notice is hereby given that for the six-month period 8th August 1983 to 8th February 1984 (184 days) the notes will carry an interest rate of 11 1/4% p.a. Relevant interest payments will be as follows:

Notes of U.S. \$10,000 - U.S. \$66.61 per coupon.

THE SANWA BANK LIMITED
(LONDON BRANCH)
Agent Bank

Barclays Bank International Limited and its subsidiaries Results for the six months ended 30 June 1983

The Directors of Barclays Bank International Limited report the following unaudited group results for the six months ended 30th June 1983.

	Half Year ended 30.6.83	Half Year ended 30.6.82	Half Year ended 30.6.82
	£m	£m	£m
Group Profit	122.6	82.1	63.7
Add: Interest on long term loan to parent company	4.9	-	-
Less: Interest on Loan Capital	27.8	24.9	24.5
Profit before taxation	99.7	57.2	39.2
Taxation	39.9	35.8	9.2
Profit after taxation	59.8	21.4	30.0
Profit attributable to outside shareholders of subsidiaries	21.9	18.4	16.5
Profit attributable to the members of the Bank	37.9	3.0	13.5
Interim Dividend	-	-	0.1
Profit retained	37.9	3.0	13.4

NOTES:

- The Bank is a wholly owned subsidiary of Barclays Bank PLC but has its own listed unsecured loan capital.
- The accounting policies are as explained in note 1 on page 9 of the 1982 annual accounts.
- Group profit includes share of profits of associated companies £20.8m (December 1982 £21.3m; June 1982 £17.5m).
- In May 1983 a subsidiary raised US\$400m loan capital. The net proceeds were on-lent to Barclays Bank PLC on a subordinated basis.

Base Lending Rates

ABN Bank	9 1/2 %
Barclays	9 1/2 %
BCCI	9 1/2 %
Citibank Savings	11 1/2 %
Consolidated Crds	9 1/2 %
G. Hoare & Co	9 1/2 %
Lloyds Bank	9 1/2 %
Midland Bank	9 1/2 %
Nat Westminster	9 1/2 %
TSB	9 1/2 %
Williams & Glyn's	9 1/2 %

1 Mortgage lending.
2 3 month deposits on basis of overdraft, £10,000, 7% £20,000 and over 9%.

سكوت الامل

Copies of this Offer for Sale, having attached thereto the documents specified herein, have been delivered to the Registrar of Companies for registration. Application will be made to the Council of The Stock Exchange, London for the share capital of International Signal & Control Group PLC (ISCG) now being offered for sale to be admitted to listing. This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange, London and the regulations of the Luxembourg Stock Exchange for the purpose of giving information with regard to ISCG. The Directors of ISCG have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion. All the Directors accept responsibility accordingly. The Memorandum and Articles of Association of ISCG together with a Legal Notice will be filed prior to listing in Luxembourg with the Chief Registrar of the District Court of Luxembourg, from whom copies may be obtained upon request.

ISC International Signal & Control Group PLC

(Incorporated in England and Wales on 7th September, 1982
under the Companies Acts 1948 to 1981 No. 1662614)

Offer for Sale by Tender

by
ROBERT FLEMING & CO. LIMITED

of
34,600,000 "A" ordinary shares of US\$0.10 each
at a minimum tender price of
125p per share
the price tendered being payable in full on application

The "A" ordinary shares now offered for sale are uniform in all respects with the ordinary shares previously issued and listed on The Stock Exchange, London and the Luxembourg Stock Exchange except that, until 17th February, 1984, they are subject to the restrictions as to registration by or on behalf of North American Persons set out below.

The Application List for the shares now offered for sale will open at 10.00 a.m. on Friday, 12th August, 1983 and may be closed at any time thereafter.

The shares of ISCG have not been registered under the United States Securities Act of 1933, as amended, and none of the "A" ordinary shares now being offered for sale may be offered, sold, renounced, transferred, assigned, exchanged or otherwise disposed of, directly or indirectly, in the United States of America, its territories or possessions ("the USA") or in Canada or to nationals or residents thereof, the estates of such persons, or any corporation or other entity organised under any law of the USA or Canada or any political subdivision thereof (collectively "North American Persons") at any time prior to 17th February, 1984. Every applicant for, or renouncee of, "A" ordinary shares comprised in this Offer for Sale and every other person applying for registration in respect of "A" ordinary shares of ISCG prior to 17th February, 1984 will be required to make a declaration in the form contained in the Application Form below, in order to monitor the ownership of ordinary shares and "A" ordinary shares by North American Persons, nationality declarations will be required in connection with all transfers of shares of ISCG. Furthermore, no person receiving a copy of this Offer for Sale and/or an Application Form in any territory other than the United Kingdom or the Grand Duchy of Luxembourg may treat the same as constituting an invitation to him, nor should he in any event use such Application Form, unless, in the relevant territory, such an invitation could lawfully be made to him and such Form could lawfully be used without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom or the Grand Duchy of Luxembourg wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including the need to obtain any governmental or other consents which may be required and the observance of any other formalities to be observed in such territory.

Preference will be given, in respect of up to 10 million "A" ordinary shares of ISCG (20% per cent. of the shares being offered for sale), to applications made by shareholders of ISCG on the Register at the close of business on 25th July, 1983 (other than shareholders who are, or are believed to be, North American Persons).

SHARE CAPITAL OF ISCG

Authorised	Issued and to be issued fully paid
1,000,000	10,183,778
(in ordinary shares of \$0.10 each)	3,460,000
(in "A" ordinary shares of \$0.10 each)	13,643,778

INDEBTEDNESS

At the close of business on 30th June, 1983, ISCG and its subsidiaries had outstanding borrowings or indebtedness in the nature of borrowings, including bank overdrafts, as follows:-

- (i) revolving credit loan facilities (unsecured) with banks under which the principal amount then owing was \$11.5 million;
- (ii) lease finance obligations totalling \$0.8 million;
- (iii) other loans (unsecured) totalling \$0.1 million; and
- (iv) contingent liabilities under advance payment guarantee, performance bonds and letters of credit issued by their bankers in the normal course of business in the amount of \$46.0 million, of which \$18.8 million was secured by bank deposits.

ISCG Electronics Inc., a subsidiary of ISCG, is contingently liable in respect of a bank loan in the amount of \$0.7 million made to a third party; the subsidiary has the benefit of an indemnity from Parent Enterprises, Inc. (a company of which Mr. J. H. Guerin is the sole shareholder) in respect of this loan.

At the same date, ISCG and its subsidiaries had aggregate cash balances of \$19.8 million, of which \$18.8 million was held in interest bearing fixed deposit as security in respect of advance payment guarantee and performance bonds.

At the close of business on 30th June, 1983, The Marquardt Company had outstanding borrowings or indebtedness in the nature of borrowings, including bank overdrafts, as follows:-

- (i) a note payable (secured) of \$2.6 million; and
- (ii) lease finance obligations totalling \$0.7 million.

At the same date, The Marquardt Company had aggregate cash balances of \$0.7 million. Save as aforesaid and apart from intra-company borrowings, neither ISCG or any of its subsidiaries nor The Marquardt Company or its subsidiary had at that date any loan capital (including term loans) outstanding, or created but unused, or had outstanding other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, outstanding mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities.

The following is the text of a letter to Robert Fleming which has been received from the Directors of ISCG.
5th August, 1983

Dear Sirs,
ISCG Electronics Inc., a wholly owned US subsidiary of ISCG, has conditionally agreed to acquire the entire issued share capital of Marquardt. This letter provides information, first on the Existing Group and secondly on Marquardt, together with some information on the Enlarged Group.

THE EXISTING GROUP

ISCG has been listed on The Stock Exchange, London and on the Luxembourg Stock Exchange since October 1982. It is the holding company for a number of wholly owned subsidiaries in the USA and of a wholly owned subsidiary in the UK.

HISTORY

The business of the Existing Group had its origins in 1971 when Mr. James H. Guerin established a company in Lancaster, Pennsylvania, the aim of which was to obtain US Government work for communication devices and other electronic equipment and to identify and exploit commercial opportunities arising from such work. Contracts with the US Navy and the Federal Aviation Administration for the supply of electronic equipment were first obtained in late 1971. Tenders were made for government projects which included electronic test and control systems, and in the summer of 1972 orders were obtained from the US Navy for parts for inclusion in its missile programmes. Expertise expanded to include the telemetry technology which currently forms part of the business of the Existing Group's US Military Division. The first major contract

INTRODUCTION

A subsidiary of ISCG has agreed to acquire the entire issued and outstanding share capital of Marquardt for completion immediately after this Offer for Sale.

The Existing Group

The Existing Group is principally engaged in:-
- the marketing outside the USA of high value security, defence, communications and electronic warfare total systems;
- the marketing to certain large customers outside the USA of sub systems and components, and also products for which the Existing Group has exclusive marketing rights; and
- the design and production of medium to high technology electronic systems and equipment for the US Government.

The first two of the above categories form the business of the Existing Group's International Division, and the third is carried on by the US Military Division. Further information as to the categorisation between total systems, sub systems and components is given in the section "Business" under the heading "The Existing Group".

Marquardt

Marquardt is engaged in:-
- dynamics, including the production of propulsion units for missiles, satellites, space vehicles and other aerospace applications;
- air launched weapons systems, including programmes for the US Government; and
- aerospace component manufacturing, including sub-contract work on airframe sections and components.

Pro Forma Statistics at the Minimum Tender Price

Minimum tender price	125p
Earnings per share	
- Existing Group for the year ended 31st March, 1983	\$0.090 (6.0p)
- pro forma combined	\$0.094 (6.2p)
Historic price earnings ratio	
- Existing Group	20.8
- pro forma combined	20.2
Net assets per share	
- Existing Group as at 31st March, 1983	\$0.64 (42p)
- pro forma combined	\$0.85 (66p)
Forecast gross dividend yield on the basis of the forecast total dividends of \$0.02 (and related tax credit) per share for the year ending 31st March, 1984	1.5 per cent.

To the extent that the striking price is higher than the minimum tender price, the pro forma combined earnings per share will increase, as illustrated in Appendix 3.

For the purpose of calculating earnings and net assets per share and dividend yield, dollar amounts have been translated to their sterling equivalents at the rate of \$1.51 = £1.00. All pro forma figures are derived from the pro forma statements in Appendix 3.

All the above information should be read in conjunction with the full text of the Offer for Sale.

systems contracts, involving applications derived from computerised test systems, were awarded in 1975. In the same year, the US Military Division set up an office in Washington D.C. in connection with tendering for US Government work.

A separate division was set up to deal with overseas trade in 1973. In 1975 the operation was transferred to a wholly owned corporation to take advantage of the tax regulations of the US Internal Revenue Code relating to exporters. Initially, overseas sales related principally to the provision of electronic test equipment, control devices and electronic components. The International Division also established a separate office in Washington D.C. in early 1980 to obtain export licences and to keep the International Division informed as to the current stance of the US Government towards the sale of equipment and the transfer of technology to various countries. An English company (previously called ESI London PLC) was established in 1979 to promote sales outside the USA.

BUSINESS

The two operating divisions of the Existing Group are the International Division (carried on in Lancaster, Pennsylvania and in London) and the US Military Division (carried on in Lancaster).

The International Division now contributes the major part of the sales and gross profit of the operations of the Existing Group, as is shown by the following analyses for the five years ended 31st March, 1983:-

	Years ended 31st March				
	1979	1980	1981	1982	1983
	\$000	\$000	\$000	\$000	\$000
Sales					
International Division	17,339	24,758	41,390	61,941	91,637
US Military Division	9,228	11,760	10,196	13,811	15,543
	26,567	36,519	51,586	75,752	107,180
Gross Profit					
International Division	4,943	6,833	11,773	16,324	30,274
US Military Division	1,872	2,111	2,763	3,501	602
	6,814	8,944	14,536	19,825	31,076

DIRECTORS AND ADVISERS

Directors

- James Howard Guerin (USA) (Executive Chairman)
3080 Hempland Road, Lancaster, Pennsylvania 17601, USA
- Carl Heinz Dreyer (USA)
3000 Hempland Road, Lancaster, Pennsylvania 17601, USA
- John Michael Fox (USA)
60 State Street, Boston, Massachusetts 02109, USA
- John Geoffrey Hartley
17a Curzon Street, London W1Y 7FE
- John Axson Heywood
Place House, Rodmell, Lewes, Sussex
- Stuart McIntosh Pindell Jr (USA)
3000 Hempland Road, Lancaster, Pennsylvania 17601, USA
- Joseph Henry Zilligen (USA)
3000 Hempland Road, Lancaster, Pennsylvania 17601, USA

Secretary and Registered Office

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United States Counsel to ISCG

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USA

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Chartered Accountants,
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London EC4V 3FD

Receiving Bankers

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Transfer Agent in Luxembourg

Banque Internationale
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Stockbrokers

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London EC2P 2EK

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Advisers in Luxembourg

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1274 Luxembourg

Solicitors to Robert Fleming

Linklaters & Paines,
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London EC2V 7JA

Special United States Counsel to ISCG

Parker Chapin Flattau & Klimpl,
630 Fifth Avenue,
New York, N. Y. 10036,
USA

DEFINITIONS

In this document, except where the context requires otherwise, the following words and expressions have the following meanings:-

ISCG - International Signal & Control Group PLC

Marquardt - The Marquardt Company

the Existing Group - ISCG and its subsidiaries prior to the acquisition of Marquardt

the Enlarged Group - ISCG and its subsidiaries after the acquisition of Marquardt

Robert Fleming - Robert Fleming & Co. Limited

US or USA - United States of America

UK - United Kingdom

\$, US\$ or dollars and cents - Dollars and cents in the currency of the USA

The following table sets out the breakdown of sales by principal continental area for the five years ended 31st March, 1983:-

	1979	Years ended 31st March			
		1980	1981	1982	1983
	%	%	%	%	%
Africa and the Middle East	37	20	60	65	78
Europe	13	10	14	2	2
Other	15	26	6	15	6
Total non USA	65	68	80	82	86
USA	35	32	20	18	14
	100	100	100	100	100

The nature of the Existing Group's business is such that it tends to deal, on the basis of relatively large contracts, with a relatively small number of customers.

In relation to sales of sub systems and components (as set out in the table below) one group of customers under contract control accounted for 43 per cent. of total sales (of all categories) for the year ended 31st March, 1983 (57 per cent. for the year ended 31st March, 1982) and another customer for 5 per cent. of such sales (13 per cent. for the year ended 31st March, 1982).

In relation to sales of total systems (as set out in the table below) in the year ended 31st March, 1983 one customer accounted for 19 per cent. of total sales and two others for 8 per cent. and 5 per cent. respectively. These sales were in respect of new contracts and no sales were made to these customers in earlier years.

مكتبة الأمل

International Signal & Control Group PLC

Three factors, in particular, remain crucial to the success of the Existing Group. Exports from the USA and the implementation of technology transfer agreements are subject to approval by the appropriate US Government agencies. Although the Existing Group has no reason to anticipate any substantial changes in current US policy, such changes in relation to relevant product classifications or destinations could be very significant to the Existing Group. Secondly, the Existing Group operates in very sensitive areas where secrecy as to the nature and extent of contracts and in many cases as to the identity of the customers themselves is of paramount importance. Should any breach of confidentiality occur, and the Existing Group takes stringent precautions that it should not, the results could be most detrimental to many areas of its business. This is particularly the case in view of the current importance to the Existing Group of its largest customers. Thirdly, the Existing Group does business with customers in certain countries a change in whose political or economic circumstances may have an adverse impact on its business.

INTERNATIONAL DIVISION

International Division sales for the five years ended 31st March, 1983 may be analysed by category as follows:-

	1979	Years ended 31st March		1982	1983
	0000	1980	1981	0000	0000
Total systems	8,563	9,985	5,820	4,663	38,908
Sub systems	2,363	5,253	19,594	89,165	48,501
Component procurement services	5,133	5,540	13,227	75,144	6,824
Exclusive marketing rights	767	3,965	2,842	2,968	224
	17,389	34,769	41,380	61,941	91,287

Total Systems

Total systems are those for which the International Division is the prime contractor for concept, design, development, supply, installation, on-site testing and maintenance. In certain cases, the International Division will supply such total systems on a turnkey basis. In other cases, it is involved in the transfer of technology, whereby the customer acquires the ability to manufacture equipment itself. A total system is one which stands on its own and requires little, if any, additional peripheral equipment or adjunctive sub systems.

The contract value of each total system is several million dollars and it will therefore be noted from the above table that relatively few such system contracts were obtained in the five years ended 31st March, 1983. In the last such year, contracts relating to three major programmes were secured and these accounted for substantially all of the increase in sales of total systems.

The Existing Group is marketing total systems in the principal areas set out below:-

(a) Security

The International Division is involved in the design, supply and implementation of complete security systems for command and control use. These include systems for detecting and preventing intrusion. Each system is tailored to meet the specific requirements of the customer and systems that have been developed include those for the protection of large installations (such as building complexes, oil fields and airports) and border areas. Features to be found in these systems include computerised control centres, card and keyboard access control equipment, acoustic or seismic sensors, closed circuit television and metal or explosive detectors utilised as appropriate to provide a comprehensive security capability. A modular approach is adopted to ensure that the system can be readily updated.

(b) Defence

The International Division has entered into contracts for the supply of systems and the transfer of technology relating to production capabilities for an aircraft delivered special purpose ordnance device and a range of other ordnance systems. In certain of these contracts the systems are assembled in facilities directly under the Existing Group's control. In other cases sub-contractors are used, including Marquardt.

(c) Communications and Electronic Warfare

The communications systems marketed in the five years to 31st March, 1983 were tactical communication manpack radio systems utilising HF or VHF, digitally-synthesised transmitters.

Electronic warfare systems form a key element of any modern military operation. They are designed to perform a wide range of functions including surveillance of opposing forces' radio communications, the partial or total disruption of their transmission, and the disclosure of any communication or other electronic devices used by an opposing force in its aircraft, missile, land or naval units.

Sub Systems

A sub system does not stand alone and normally works in conjunction with an existing or proposed total system held by the customer. In this case, the customer provides a specification for the operation of the sub system and the International Division provides a sub system to fulfil this role. The responsibility of the International Division is limited to the provision of this sub system to meet that specification without having the responsibility for the performance of the total system. Examples of this are mini-computers to act as control elements in large test stations already installed; RF signal generators to act as stimuli for in-process test systems already in place in radio factories; large power converters to adapt systems purchased from other sources by the customer to the power configuration at the site of installation; and equipment for incorporation in sophisticated electronic network systems used in fixed and mobile station operations (including HF or VHF receivers, monitor receivers, processors and appropriate antennae).

The International Division is required to expend varying degrees of engineering time to document, adapt, inspect and support final test and acceptance at the installation site. It is normally involved in consultation with the client to establish the design and performance parameters and advise on how integration with the client's total system can best be achieved.

Component Procurement Services

The International Division is active in providing certain overseas clients with a wide range of electronic components and equipment, the majority of which are manufactured in the USA. It does not normally stock these components but initiates orders upon receipt of a firm order. With certain orders, engineering specifications have to be prepared by the International Division to ensure that the component complies with the customer's performance requirements. Examples of components include thin film and thick film integrated circuits, diodes, transistors, transistors, microcircuit circuits, inductors and capacitors. Technical inspections are performed when required by the customer.

The Existing Group has established, through its UK subsidiary, a branch to stock and distribute components. These components are purchased both from the Existing Group's US sources and also from a wide range of other suppliers, including French and Japanese manufacturers.

Exclusive Marketing Rights

The International Division markets certain systems including security, ordnance and communication devices for which it has exclusive marketing rights outside the USA. The majority of these products are manufactured in the USA.

Marketing for International Operations

The current marketing strategy of the International Division has two aims: identification of customers and utilisation of internal technical expertise suggested by suppliers of electronic products and technology. Potential customers are those foreign governments or other institutions which have sufficient funds, have a requirement for a relevant system or product and, where necessary, are likely to qualify for a US export licence.

The International Division seeks to identify available technology and hardware which would meet the requirements of potential customers and which, in the case of US products, it is thought will be approved by the US Government for export to the country involved.

The International Division employs approximately 130 people.

Export Licences

The export of goods or technology from the USA by the International Division requires an export licence. The ability to obtain such licence is essential to the business of the International Division.

The export of goods or technology of military or defence significance is regulated by the US Department of State in furtherance of the security and foreign policy of the United States. The export of certain other goods or technology is regulated by the US Department of Commerce to protect the domestic economy and to further US foreign policy and national security. The Department of Defense also reviews certain products and technology for national security purposes. The ultimate destination and use of the goods or data are important considerations in both licensing procedures and are often incorporated into the terms of the licence.

In addition, the business of the International Division may be affected, either favourably or unfavourably, by embargoes or other trade restrictions imposed by the USA or other countries.

During the year ended 31st March, 1983, about 78 per cent. of the dollar value of the goods and technology exported by the International Division was covered by licences issued by the Commerce Department, and the balance was covered by licences issued by the State Department.

Failure to comply with these licensing requirements, or to observe embargoes and other trade restrictions, including material breaches of the terms of the licences, could have a material adverse effect on the business of the International Division.

US MILITARY DIVISION

The US Military Division designs and manufactures a range of medium to high technology electronic military equipment and produces systems (including for the US Government) concerning on contracts which involve the development for full manufacture of products already centring on contracts which involve the development of its own products. However, some test equipment has been designed, rather than developed in-house. The US Military Division has to meet stringent US Government quality requirements and therefore a significant amount of product testing is carried out to ensure a high degree of reliability.

In the year ended 31st March, 1983 approximately 74 per cent. of the US Military Division output was sold directly to the US Defence Department. Most of the remainder was sold to other US organisations acting as prime contractors to the US Defence Department.

The fact that this Division is a supplier to the US Defence Department is of importance to the credibility of the International Division when marketing systems outside the USA. In addition, the technological capability of the Division is of benefit to the international operations.

The US Military Division's business is obtained mainly by bidding competitively in the US military equipment market for contracts put out to tender by the various military and Defence Department procurement agencies. Defence Department and military programmes are normally determined on a five year basis with annual reviews and amendments. Details of specific contracts are generally known about 12 months in advance. In view of the competitive nature of the market and the products, no advertising or publicity campaigns are undertaken. The US Military Division employs approximately 600 people and occupies some 25,000 square feet of office space in Lancaster, Pennsylvania.

Products

Products are normally developed in-house with much of the early work being devoted to developing prototype and conducting testing. The US Military Division currently operates as follows:-

(i) Sensor Systems

The US Military Division currently produces and markets FEWS (Platoon Early Warning System), a seismic and magnetic sensor system which monitors activity within an area and transmits data to a receiver which enables the target to be identified as either one or a group of men or vehicles. Contracts are in progress for the production of other advanced sensor systems.

(ii) Telemetry Systems

Various types of DKT data transmitting sets are produced for the US Navy. These are carried on the missile during development and testing in order to transmit back information on its performance. They may also be used to test missiles in government stores on a sample basis.

(iii) Electronic Fuzes

Fuzes are electronic detonating devices which usually include a target detecting system. In the late 1970s, fuzes programmes accounted for a significant proportion of the work carried on by the US Military Division. Specific projects included the M-817 system used on the Chaparral missile and parts of the Strike and Sparrow missile fuzes.

(iv) Communication Systems

Communications contracts include the ANGRA-114 radio data link sound ranging system and the TD-1066 high speed data buffer, both produced for the US Army. The ANGRA-114 picks up the sound of enemy artillery fire and locates its source, and the TD-1066 scrambles data or voice received from US Army communications systems. The Existing Group has recently received its first export order for sound ranging systems.

(v) Test Equipment

Test equipment projects have included a sub-contract, in the mid 1970s, from a major US defence contractor to design and develop equipment to test sub-systems of the C-4 Trident Missile. Expertise resulting from these projects continues to be developed in the design of specialised automatic test equipment primarily for in-house use.

(vi) Other Products

The Directors of ISC consider that there has been a tendency in recent years for prime contractors on larger government defence projects to increase the amount of work sub-contracted to other businesses. The US Military Division, benefiting from its government qualifications and experience, has gained several major sub-contracts with US prime defence contractors. This involves the production of a variety of standard electronic modules for use in specialised computer-related and other systems.

RELATIONSHIPS WITH CUSTOMERS

The International Division has longstanding and close relationships with many of its customers and is required by them to maintain strict confidentiality regarding contracts. In particular, in many cases, the Existing Group cannot disclose the identity of the customer, the subject of the contract or the location at which the products or services supplied by the Existing Group are to be used. Extended credit is advanced to certain of these longstanding customers.

The US Military Division has received security clearance from the US Defence Department and complies fully with that Department's requirements of confidentiality and security.

RELATIONSHIPS WITH SUPPLIERS

The International Division is dependent on outside suppliers for a large part of the constituent elements of its systems and sub systems. Although delays in delivery, or the supply of defective parts, by outside suppliers could seriously hamper progress on a particular project, the International Division has not in the past experienced difficulties of this nature. As far as the US Military Division is concerned, the Directors of ISC consider that there is no significant risk to its operations from dependence on any one supplier.

RESEARCH AND DEVELOPMENT

Research and development is carried on principally by the US Military Division, which has traditionally concentrated more on re-design and modification than on pure research. To enhance the Existing Group's capabilities in selected areas, an Advanced Systems sub-division has been established. Expenditure which does not relate to defence contracts funded by the US Government is written off in the financial statements in the year in which it is incurred. Certain work is currently being carried out on the development of thin film and ring core magnetometers for application in sensitive fuzes and sensors.

A budget of 2 per cent. of total sales has been allocated to augment the US Government research and development programmes undertaken by the US Military Division.

COMPETITION

The Existing Group faces considerable competition both within the USA and internationally in all areas of its operations. While it is expected that competition based on improving technology will continue to be significant to the Existing Group's operations, the Directors of ISC believe that the position established by it, combined with the anticipated growth in demand for the systems and products of the type supplied by the Existing Group throughout the world, should enable it to meet such competition.

PRINCIPAL PREMISES

The US Military Division and the International Division operate from separate leasehold premises in Lancaster, Pennsylvania. The latter division also operates from leasehold premises in London and in Basingstoke. Full details of these are set out in paragraph 6 of Appendix 5.

ORGANISATION, DIRECTORS AND EMPLOYEES

The Board of ISC is responsible for the overall direction of the activities of the Existing Group and the management of the divisions are responsible for their day-to-day operations. In order to maintain the security clearance with the US Defence Department, the share capital of the subsidiary through which the US Military Division operates is subject to an irrevocable proxy in favour of three persons approved by the Department who are also directors of that subsidiary (see material contract (vii) in paragraph 15(a) of Appendix 5).

Directors

Mr. James H. Goerlin (aged 53) founded the original business of the Existing Group in 1971 and is the Executive Director of ISC. He has a Master of Science degree in Electrical Engineering and has over 25 years of experience in that field. Prior to 1971 he was General Manager, Systems Division of Hamilton Watch Company directing over 1,000 personnel in the development and manufacture of ordnance, electronic devices and systems and prior to that the Engineering Department Manager for a portion of the Poseidon missile system for Lockheed Missiles and Space Company.

Mr. Carl H. Dreyer (aged 63) has been with ISC or predecessor companies since they were founded and is Vice-President of Administration and Corporate Secretary of the Existing Group's US holding company. He has a Master of Science degree in Electrical Engineering and over 20 years of experience in that field. He was previously Director of Product Assurance for Hamilton Watch Company and United Aircraft Corporation and prior to that he was involved with quality engineering at Honeywell, Inc.

Mr. John M. Fox (aged 70) has been a non-executive Director of ISC and a predecessor company since 1981. He is Chairman of SCA Services, Inc. He retired as a Director of International Business Machines Corporation (IBM) in April 1983.

Mr. John G. Hartley (aged 36) has been Managing Director of the Existing Group's UK subsidiary since 1979. He has an Honour Degree in Economics. Previously he was a self-employed management consultant and also held a number of advisory and executive posts in manufacturing industry in the United Kingdom.

Mr. John A. Heywood (aged 46) has been a non-executive Director since 1982. He was a Joint Managing Director of Jardine, Matheson & Co., Limited until July 1982, with special responsibility for international operations, having been employed by that company in the Far East for 20 years.

Mr. Stuart M. Pindell Jr (aged 44) has been with ISC or predecessor companies since 1974 and has been Vice-President and General Manager of the International Division since its inception. He has a Bachelor of Science degree in Electrical Engineering and has over 20 years of experience, and holds several patents, in the electronics field. Before this, he was President of Novor, Inc., a firm which manufactured electrical and electronic instruments and, prior to that, the Manager of Product Development in the Instruments Division of Hamilton Watch Company.

Mr. Joseph H. Zilligan (aged 42) is Finance Director of ISC and was Vice-President, Finance, and Treasurer of its predecessor company from 1980. He was previously a management consultant with Arthur Young & Company and Treasurer of The J. K. Baker Company.

Employees

The Group employs some 840 people. Industrial relations have been good, although there was a one month strike by production employees in the US Military Division in 1981, when alternative arrangements were made to continue production. After brief qualifying periods a non-discriminatory pension scheme and life, medical expenses and long term disability insurance are available to all employees in the USA and the United Kingdom.

PAST PROFITS

There is set out below a summary of the results of the current operations of the Existing Group, on the historical cost basis, before extraordinary items arising from the offer for sale in October 1982 for the five years ended 31st March, 1983, which has been extracted from the Accountants' Report Appendix 1. The Existing Group draws up its financial statements in dollars, so this is its principal operating currency.

	1979	Years ended 31st March		1982	1983
	0000	0000	0000	0000	0000
Sales	26,567	36,518	61,588	75,752	107,480
Cost of sales	(19,753)	(27,375)	(37,050)	(56,237)	(76,404)
Gross profit	6,814	9,143	14,538	19,515	31,076
Operating expenses	(6,888)	(8,330)	(6,285)	(8,319)	(12,438)
Other operating income	191	328	815	154	124
Operating profit	3,307	3,883	7,968	11,360	18,762
Interest receivable	1,249	1,319	1,118	1,118	616
Interest payable	(1,475)	(2,472)	(3,283)	(6,042)	(4,321)
Profit on ordinary activities before taxation	1,981	1,648	4,183	5,218	15,096
Taxation	(443)	(527)	(1,276)	(2,517)	(6,856)
Profit on ordinary activities after taxation	1,488	1,121	2,907	3,001	8,240

During the period under review, the growth in profit has been largely due to the expansion in business of the International Division. In the four years to 31st March, 1982, gross profit margins remained relatively constant overall on the increased sales. Further significant growth in the International Division occurred in the year to 31st March, 1983 and, although the sales of the US Military Division increased, turnover and profit fell short of budget. Production and shipments of the US Military Division did not meet the production plan and in addition some difficulties were encountered in the timing of suppliers' deliveries.

Interest costs increased during the period to 31st March, 1983 reflecting the expansion of trade on extended credit terms, particularly with customers of the International Division. The year to 31st March, 1983 benefited from the money raised from the offer for sale in October 1982.

Special factors relating to the taxation charge are discussed in Note 4 to the Accountants' Report in Appendix 1.

MARQUARDT

HISTORY

Marquardt was established in California in 1944 and began operations as a sub-contractor to the University of Southern California on a subsonic ramjet propulsion development programme for the US Navy. Marquardt was a public company from 1952 to 1968 when it was acquired by CCI Corporation ("CCI") of Tulsa, Oklahoma. Marquardt operated as a division of CCI from 1968 until May 1974 but, following a reorganisation as of that date, Marquardt has operated as an autonomous subsidiary of CCI.

Marquardt's original work on ramjets led to an involvement in dynamics engineering during the 1950s including ram air power turbine driven units. Subsequently Marquardt developed a range of liquid fuelled rockets for space use.

The dynamics engineering described above required sophisticated manufacturing techniques which were capable of being adapted for other uses. In the 1960s, Marquardt developed a second principal product area, air launched weapons systems. This involved the establishment of special manufacturing techniques and processes for the efficient production of high volume, low cost weapon casings for ordnance systems and components. Marquardt's third principal product area, aerospace component manufacturing, was also established to take advantage of Marquardt's production facilities; a number of sub-contracts have been completed for various US aerospace companies.

BUSINESS

The following table sets out an analysis of Marquardt's turnover and gross profit for the five years ended 30th April, 1983, divided between the three principal product areas:-

	Years ended 30th April				
	1979	1980	1981	1982	1983
	0000	0000	0000	0000	0000
Sales					
Dynamics	13,541	17,465	23,462	26,969	25,555
Rocket propulsion systems	2,859	7,378	6,887	4,205	8,425
Turbo products	16,678	11,732	6,566	5,169	2,522
Airbreathing propulsion	33,378	36,466	36,715	36,443	36,533
Air launched weapons	24,508	14,117	4,397	4,327	22,741
Aerospace component manufacturing	3,484	5,573	7,026	9,775	6,564
	61,150	56,155	48,037	60,545	65,837
Gross Profit					
Dynamics	1,705	2,730	4,244	4,339	3,332
Rocket propulsion systems	1,248	1,235	1,248	946	2,025
Turbo products	2,231	2,024	1,073	831	170
Airbreathing propulsion	5,184	5,979	6,665	6,116	6,127
Air launched weapons	3,074	1,989	484	865	3,826
Aerospace component manufacturing	500	1,086	1,242	2,365	1,895
	8,768	8,334	8,391	9,346	11,648

PRODUCTS

1. Dynamics

Marquardt is engaged in three principal areas of dynamics engineering:-

a) Rocket Propulsion Systems

Marquardt's work on liquid fuelled rockets has concentrated on low thrust systems used in precision control applications. Marquardt has not been involved in main rocket engines for missiles or satellite launchers. Liquid fuelled rockets fall into two main categories, monopropellant and bipropellant. In the first type, thrust is provided by the reaction of a simple liquid fuel with a catalyst. Such systems are relatively simple and were used on earlier, lighter satellites which were sent into low orbit up to some 150 miles above the Earth. Their main drawback is that they have lower performance than bipropellant rockets and the reaction with the fuel gradually degrades the catalyst. With the trend towards larger, more sophisticated and more expensive satellites being launched into geosynchronous orbit approximately 23,000 miles above the Earth (an orbit in which the speed of the satellite round the Earth matches the speed of rotation of the Earth itself, the satellite remaining in the same place relative to the Earth), systems with a longer-life have been sought. This has led to a concentration on bipropellant motors where thrust is produced by the interaction of two different liquids. Such systems can have a life of up to 10 years which is necessary to justify the cost of putting large satellites into geosynchronous orbit. In the early 1970s Marquardt took the decision to develop a family of bipropellant rockets for satellite application, having anticipated the trend towards larger satellites. This is now Marquardt's dominant technology in rocket motors though monopropellant units are still produced for specialised uses.

Marquardt's first operational engine flew on the US Lunar Orbiter which circumnavigated the Moon in 1966 and since then its rocket engines have been used on every manned US space mission. Over 400 Marquardt engines were supplied to Rockwell International for the Apollo programme. The Space Shuttle carries 44 precision attitude control rocket engines developed and manufactured by Marquardt. Apart from its contribution to the manned space programme, Marquardt also provides reaction control rockets for a number of different satellites including US meteorological and communications satellites and the British Aerospace L-SAT.

Marquardt currently manufactures an extensive range of bipropellant and monopropellant precision reaction control rockets with thrusts ranging from 0.010 lb to 1800 lb. It is also engaged in the research, design, development and production of new propulsion methods including programmes sponsored by the National Aeronautics and Space Agency ("NASA") and the US Defence Department.

b) Turbo Products

Marquardt has been a leading developer and producer of ram air powered turbine driven units, controls and accessories since 1948. More than 20,000 units of both fixed-pitch and variable-pitch turbines have been delivered by Marquardt for a broad range of military and commercial aircraft applications including missiles, target systems and pod assemblies. Products break down into two broad categories:-

(i) **Target Tow Reels**-Marquardt produces two varieties of reeling machines which provide for the recovery of tow cable and targets used in air-to-air and ground-to-air weapons training exercises. Both models are capable of supersonic target towing. The largest model carries 40,000 feet of cable.

(ii) **Ram Air Turbines**-These devices provide either primary or emergency hydraulic, electrical or mechanical power for aircraft, pods or missiles. Examples of Marquardt's products are the ram air turbine to provide emergency power for the DC10 civil airliner and a ram air powered turbine generator which provides primary power for the electronic counter-measures pod mounted on F-4 Phantom aircraft.

c) Airbreathing Propulsion

Marquardt's original business in ramjets is now the smallest activity in terms of sales but it remains a key technology. The ramjet concept is considered to be one of the simplest, most cost-efficient propulsion systems ever devised for flight within the Earth's atmosphere. The ramjet uses fixed components (as opposed to rotating parts in a turbine) to compress air which is forced into the engine by its forward motion. The ramjet therefore needs forward velocity to start its operating cycle. Once operating, compressed air passes in a combustion chamber where fuel is burned and the resultant hot gas expands to high velocity in a nozzle, providing high speed continuous thrust.

The initial velocity required by a ramjet is provided by a booster rocket and most modern ramjet powered missiles use the integral rocket ramjet ("IRR") concept. In this system a solid propellant charge in the combustion chamber accelerates the unit to ramjet operating speed. At that point, when the propellant has been used up, the rocket components are jettisoned and the engine operates as a pure ramjet.

There are a number of versions of this system in which the ramjet uses either solid or liquid fuels. Ramjets are effective up to about five times the speed of sound, and a further variant, known as the supersonic combustion ramjet, will operate at still higher speeds. Marquardt has recently successfully developed and flight tested a liquid fuelled IRR.

Marquardt has designed, developed and produced over 2,300 ramjets for US military applications, mainly for missile and target drone programmes. Marquardt's current programmes are primarily concentrated on the development of propulsion systems for the next generation of strategic and tactical missiles. These programmes include development of the cruise engine for the US Navy's supersonic anti-ship missile target and a variety of liquid and solid fuelled IRRs for new missiles. Marquardt has developed an IRR to power the advanced strategic air launched missile (ASALM). Development of this engine is continuing for new applications such as long range surface-to-air and air-to-air missiles. The Directors of ISC believe that there is a current trend towards hypersonic missiles and that Marquardt's technology in ramjets is likely to prove of increasing importance.

2. Air Launched Weapons

Marquardt's capabilities in air launched weapons technology cover the production of air-borne externally carried free fall weapons or casings for such weapons, anti-tank and anti

International Signal & Control Group PLC

COMPETITION

Although the Directors of ISC believe that there is no other US corporation with a range of products and activities directly comparable with Marquardt's, Marquardt faces considerable competition both within the USA and internationally in all areas of its operations. Certain of Marquardt's competitors are significantly larger in terms of turnover and financial resources. However, the Directors of ISC are confident that Marquardt's technical expertise in its three main product areas of operation will enable it to expand in the future.

PREMISES

Marquardt owns the freehold of a 56 acre site at Van Nuys, California, north of Los Angeles, which is utilised almost entirely by Marquardt. Manufacturing space extends to 220,000 square feet, warehousing 140,000 square feet and engineering 120,000 square feet. The site includes a 13 acre test facility for airbreathing and rocket propulsion systems and can accommodate significant expansion of the present facilities without the requirement to purchase or lease additional land.

ORGANISATION, SENIOR OFFICERS AND EMPLOYEES

In order to maintain the security clearance with the US Defense Department, the share capital of Marquardt will, after its acquisition by ISC Electronics Inc., be subject to an irrevocable proxy in favour of three persons approved by the Department who will be directors of Marquardt (see future contract (i) in paragraph 16(b) of Appendix 5).

Senior Officers

Mr. K. E. Woodgriff (aged 49) is President and Chief Executive Officer of Marquardt. He has been employed by Marquardt since 1957 and has a Bachelor of Science degree in Mechanical Engineering. He has entered into a 5 year service agreement with that company, which will take effect on completion of the acquisition of Marquardt.

Mr. J. A. Marossy (aged 49) is Senior Vice President, Finance and Administration. He has been in charge of Marquardt's finances since 1979 and has a Master of Science degree in Business Administration.

Mr. A. N. Thomas (aged 60) is Vice President, Engineering. He has been employed by Marquardt since 1959 and has a Master of Science degree in Aeronautical Engineering.

Employees

Marquardt has approximately 850 employees. There is no trade union at Marquardt, which has an excellent record of industrial relations.

PAST PROFITS

There is set out below a summary of the profits of Marquardt on the historical cost basis for the five years ended 30th April, 1983, which has been extracted from the Accountants' Report in Appendix 2—

	1979	1980	1981	1982	1983
Sales	61,150	56,155	48,037	50,545	65,837
Cost of sales	(62,392)	(47,821)	(38,846)	(41,189)	(64,188)
Gross profit	8,758	8,334	8,391	9,346	11,648
Overheads	(5,404)	(4,547)	(5,589)	(6,481)	(6,939)
Other operating income	916	466	407	392	392
Operating profit	4,270	3,753	3,209	3,258	5,101
Interest receivable	148	370	437	510	793
Interest payable	(633)	(847)	(653)	(401)	(291)
Profit before taxation	3,585	2,896	2,853	3,379	5,603
Taxation	(1,769)	(1,400)	(1,482)	(1,955)	(2,849)
Profit attributable to equity shareholders	1,816	1,496	1,421	1,714	2,754

In the four years to 30th April, 1983, there was an overall decline in sales, arising partly from reduced US Government spending on airbreathing products and partly from a commercial decision by Marquardt to reduce its air launched weapons production. However, the impact on profits before taxation was reduced by improved profit margins and interest benefits from the positive cash flow of Marquardt. With the significant improvement in sales in the year ended 30th April, 1983, compared with the previous years, together with the holding of margins and the continued improvement in net interest receivable, profit before taxation increased by some 66 per cent. on those for the previous year.

THE ENLARGED GROUP

TERMS OF THE ACQUISITION OF MARQUARDT

Under an agreement made between CCI (the holder of the entire issued share capital of Marquardt) and ISC Electronics Inc. (a wholly owned US subsidiary of ISC) dated 12th July, 1983, CCI conditionally agreed to sell to ISC Electronics Inc. the whole of the issued and outstanding share capital of Marquardt. ISC has guaranteed the obligations of ISC Electronics Inc. under the agreement. The principal element of the consideration for the acquisition is the cash sum of \$43.5 million, of which \$39.5 million is payable to CCI on completion and \$4 million is payable to an Escrow Agent to be paid by such Agent to CCI (without interest) on the first anniversary of completion. The other element of the consideration is the issue to CCI by ISC of 600,000 new ordinary shares of \$0.10 each to be allotted credited as fully paid.

Mr. K. E. Woodgriff is the President and Chief Executive Officer of Marquardt and is a stockholder in CCI. He has agreed that, upon the acquisition of Marquardt, he will sever his connection with CCI and he has entered into a five year service contract with Marquardt, to take effect on completion of the acquisition, to continue to serve as its President and Chief Executive Officer. Under this contract, he will receive a payment of \$600,000 before 31st December, 1983. Mr. Woodgriff is currently the holder of 1,900 shares of common stock of CCI, representing approximately 3 per cent. of the issued and outstanding share capital of CCI. CCI has agreed to purchase these shares in exchange for the transfer to Mr. Woodgriff of the 600,000 new ordinary shares of ISC to be allotted to CCI under the acquisition agreement. To the extent that the value of the 1,900 CCI shares may be less than the value of these new ordinary shares, Mr. Woodgriff will have received a benefit which will have been given to him in consideration of his assistance in the formation of the Enlarged Group.

The acquisition agreement is conditional (inter alia) upon the implementation of the Offer or Sale referred to herein. Completion of the acquisition is expected to take place on 15th August, 1983. The agreement contains warranties and indemnities on the part of CCI as to the financial, trading and taxation position of Marquardt. In addition, CCI and its principal officers have covenanted not to compete with Marquardt for the five years following completion.

Further details of the agreement for the acquisition of Marquardt and the arrangements with Mr. Woodgriff are set out in paragraph 12 of Appendix 5.

BENEFITS OF THE ACQUISITION

The Directors believe that the acquisition of Marquardt will have the following benefits—

- The acquisition will substantially increase the scale of operations in the USA and will result in a strengthened technology base. Moreover, Marquardt's product range is complementary to that of the Existing Group.
- The expansion of US operations should enhance ISC's reputation internationally.
- Marquardt's experience in developing business within the USA will be of value while at the same time the Existing Group's international marketing expertise can be of assistance in developing sales outside the USA for Marquardt's products.
- Marquardt has a sound balance sheet, a good record of recent profits growth and cash generation and a strong management team. It is proposed that the present management will continue after the acquisition.
- In the longer term there are significant benefits to be derived from a combination of the Existing Group's predominantly electronics technology with the aerospace and defence manufacturing capabilities of Marquardt.

PRO FORMA STATISTICS AT THE MINIMUM TENDER PRICE

The following pro forma figures illustrate the effect of the acquisition of Marquardt on the Existing Group. They are extracted from the unaudited pro forma statements set out in Appendix 3, which combine the results and net assets of the Existing Group for the year to 31st March, 1983 with those of Marquardt for the year to 30th April, 1983, as shown in each case by the respective Accountants' Reports. The number of shares used to calculate the pro forma combined earnings per share and combined net assets per share respectively is set out in Appendix 3.

	1982	1983
Minimum tender price	125p	
Earnings per share		
Existing Group for the year ended 31st March, 1983	\$0.090 (6.0p)	
pro forma combined	\$0.094 (6.2p)	
Historic price earnings ratio		
Existing Group	20.8 times	
pro forma combined	20.3 times	
Net assets per share		
Existing Group as at 31st March, 1983	\$0.64 (42p)	
pro forma combined	\$0.85 (56p)	

Forecast gross dividend yield on the basis of the forecast total dividends of \$0.02 (and related tax credit) per share for the year ending 31st March, 1984

1.5 per cent.

To the extent that the striking price is higher than the minimum tender price, the pro forma combined earnings per share will increase, as illustrated in Appendix 3.

For the purpose of calculating earnings and net assets per share and dividend yield, dollar amounts have been translated to their sterling equivalents at the rate of \$1.51 = £1.00.

The above figures should be read in conjunction with the pro forma statements in Appendix 3.

THE OFFER FOR SALE

Of the 34,600,000 "A" ordinary shares now being offered for sale, 24,344,000 are new shares to be issued by ISC to raise, at the minimum tender price, £28.7 million, after expenses, to finance the purchase of Marquardt. If such shares are subscribed at above the minimum tender price, the additional proceeds of the Offer for Sale will be used for the general working capital purposes of the Enlarged Group.

The balance of 10,256,000 "A" ordinary shares is being sold by six shareholders of ISC. Mr. Guerin is disposing of 3 million of these shares and three other directors of ISC or its subsidiaries are disposing of a total of 1,466,000 shares. Mr. Guerin is selling shares in order to reduce borrowings which were assumed or incurred by him in connection with the reconstruction which led to the establishment of the present group structure in October 1982. After the Offer for Sale, he will continue to have a beneficial interest in 21,200,944 ordinary shares which will represent 15.5 per cent. of all the shares in issue after the Offer for Sale. The three other directors are selling funds to meet personal tax liabilities, to repay borrowings or to settle other liabilities arising out of the same reconstruction. All the vendor shareholders, as well as the Directors of ISC who are not selling shares and Mr. Woodgriff, have undertaken not to sell any shares, or further shares, before 17th August, 1984 without the consent of Robert Fleming.

If it becomes apparent that the conditions precedent to completion of the agreement for the acquisition of Marquardt cannot or will not be satisfied and that the acquisition will not therefore be completed on 15th August, 1983, the Offer for Sale will be terminated and all application moneys will be returned to applicants without interest, by post at the risk of the persons entitled thereto. Moneys to be returned will be posted by not later than 18th August, 1983.

DIVIDENDS

The Directors of ISC expect, in the absence of unforeseen circumstances, to recommend total dividends of \$0.02 per share in respect of the year ending 31st March, 1984. This is equivalent to \$0.04 per share prior to the scrip issue authorised on 6th August, 1983. A dividend has been declared of \$0.0225 per share for the period ended 31st March, 1983, payable to ordinary shareholders on the Register at the close of business on 13th July, 1983. Had the share capital of ISC in existence at 31st March, 1983 been in existence throughout the year ended on that date, the Directors would have recommended a dividend of \$0.0325 per share. All dividends are stated exclusive of the related tax credit.

It is expected that in future years interim and final dividends will be payable in January and August respectively. All dividends will be declared in dollars but will be paid in sterling unless shareholders elect to receive payment in dollars.

CURRENT TRADING AND PROSPECTS

The results both of the Existing Group for the year to 31st March, 1983 and of Marquardt for the year to 30th April, 1983 exceed the corresponding figures for the previous accounting periods. The Existing Group's sales increased to \$107.5 million (from \$76.8 million) and pre-tax profits to \$15.1 million (from \$5.3 million) while Marquardt's sales increased to \$65.8 million (from \$50.5 million) and pre-tax profits to \$8.5 million (from \$1.4 million). The Existing Group's order book which includes contracts spanning several years and new orders obtained in Europe and the Far East, stood at the record level of \$160 million at 31st March, 1983. Marquardt's order book at 30th April, 1983, similarly at a record level, was \$101 million.

The Directors of ISC believe that the acquisition of Marquardt will result in an enlarged group with considerable growth prospects both within the USA and elsewhere in the world. The Directors of ISC continue to look forward to the future with confidence.

By order of the Board
JAMES H. GUERIN
Executive Chairman

APPENDIX 1

ACCOUNTANTS' REPORT ON ISC

The Directors,
International Signal & Control Group PLC,
17a Curzon Street,
London W1V 7FE
and
Robert Fleming & Co. Limited,
8 Crosby Square,
London EC3A 6AN

1 Fiddle Dock,
London EC4V 3PD

3rd August, 1983

International Signal & Control Group PLC ("ISC") was incorporated in England and Wales on 7th September, 1982. ISC Electronics Inc. ("Electronics") was incorporated in Delaware on 27th August, 1982 and acquired the entire issued share capital of International Signal & Control Corp. ("Corp") and its investments in its subsidiaries including the 50.2 per cent. holding of Corp in ISC London PLC ("ISCL"), formerly ESI London PLC, on 21st September, 1982. On the same date, ISC acquired a majority of the share capital of Electronics by an issue of shares of ISC. Following the completion of the offer for sale, published on 18th October, 1982, ISC acquired the remaining shares in ISCL and in Electronics. ISC thus controls the entire issued share capital of Corp, ISCL and the other corporations then owned by Electronics for the shares in the capital of certain subsidiaries of Electronics which, with certain assets owned by Corp, together called "the Commercial Operations", were sold at not book value to Parent Enterprises, Inc. (a company of which Mr. J. H. Guerin is the sole shareholder). The Commercial Operations were not involved in the mainstream business activities of Electronics or its subsidiaries. For the purpose of this report, ISC and its subsidiaries, excluding the Commercial Operations, are referred to as the "Existing Group".

We have examined the consolidated financial statements of ISC for the year ended 31st March, 1983 and of Corp for the four years ended 31st March, 1983 which include the results of ISCL since its incorporation on 14th August, 1979. Our examination of these statements has been in accordance with generally accepted auditing standards. We have made adjustments to the consolidated financial statements principally—

- to eliminate the results of subsidiary companies and divisions, including the Commercial Operations, disposed of during the period under review; and
- to reflect the elimination of the minority interest in ISCL.

We have audited the consolidated financial statements of ISC for the year ended 31st March, 1983. Messrs. Peat, Marwick, Mitchell & Co., Philadelphia, Pennsylvania acted as auditors of the consolidated financial statements of Corp for the two years ended 31st March, 1982. Prior to that date the consolidated financial statements of Corp were audited by another firm. The auditors of ISCL for the period from its incorporation to 31st March, 1981 and the year ended 31st March, 1982 were a firm other than ourselves.

The historical cost financial information which follows has been prepared on the basis of the accounting policies of ISC set out below, which are in accordance with UK generally accepted accounting principles, and from the audited consolidated financial statements of ISC and Corp after making such adjustments as we consider appropriate. The financial information has been presented in US dollars as this represents the principal operating currency of the Existing Group. In our opinion this financial information gives a true and fair view of the state of affairs of ISC and the Existing Group at 31st March, 1983 and of the profits and sources and applications of funds of the Existing Group for the five years ended on that date.

In our opinion the current cost accounts set out below have been properly prepared in accordance with Statement of Standard Accounting Practice No. 16 on the basis of the accounting policies and methods set out below.

No audited accounts have been made up for ISC or any of its subsidiaries in respect of any period subsequent to 31st March, 1983.

PROFIT AND LOSS ACCOUNTS OF THE EXISTING GROUP

	1979	1980	1981	1982	1983
Sales	26,597	36,519	51,586	75,752	107,480
Cost of sales	(19,783)	(27,575)	(37,050)	(56,227)	(76,404)
Gross profit	6,814	8,944	14,536	19,525	31,076
Overheads	(3,988)	(3,309)	(6,859)	(8,319)	(12,438)
Other operating income	191	323	315	154	124
Operating profit	3,017	3,882	7,992	11,360	18,762
Interest receivable	190	135	119	150	616
Interest payable	(1,475)	(2,472)	(3,853)	(6,042)	(4,382)
Profit on ordinary activities before taxation	1,932	1,545	4,183	5,518	15,096
Taxation on ordinary activities	(448)	(327)	(1,278)	(2,217)	(6,556)
Profit on ordinary activities after taxation	1,484	1,218	2,905	3,001	8,540
Extraordinary items	—	—	—	—	75
Profit attributable to equity shareholders	1,483	1,218	2,905	3,001	8,565
Dividends	—	—	—	(221)	(1,327)
Profit retained	1,483	1,218	2,905	2,780	7,638
Earnings per share				4.8 cents	9.0 cents

BALANCE SHEETS

The balance sheet of ISC and the consolidated balance sheet of the Existing Group at 31st March, 1983 are as follows—

	Notes	1979	1980	1981	1982	1983
Fixed assets:						
Tangible	8	—	—	—	—	3,715
Intangible		—	—	—	—	625
Investments and other non-current		—	—	—	—	190
		—	—	—	—	3,871
Current assets:						
Stocks	9	—	—	—	2,125	—
Contract work in progress		—	—	—	14,834	—
Due from subsidiaries	10	28,228	—	—	—	—
Debtors	11	627	—	—	63,188	—
Deposits and prepayments with suppliers		—	—	—	20,187	—
Cash	12	14,905	—	—	16,245	—
		44,720	—	—	116,279	—
Creditors—amounts due within one year	13	(3,280)	—	—	(21,565)	—
Advance contract deposits		—	—	—	(24,039)	—
Net current assets		40,440	—	—	70,275	—
Total assets less current liabilities		\$4,811	—	—	74,625	—
Creditors—amounts due after more than one year	14	—	—	—	(6,315)	—
Deferred taxation	15	—	—	—	355	—
		—	—	—	44,665	—
Capital and reserves:						
Share capital	16	—	—	—	5,878	—
Share premium account		—	—	—	39,879	—
Non-distributable reserves		—	—	—	11,878	—
Profit and loss account		—	—	—	212	15,233
		—	—	—	44,868	15,233

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS OF THE EXISTING GROUP

	1979	1980	1981	1982	1983
Source of funds:					
From operations:					
Extraordinary items before taxation	1,882	1,545	4,183	5,518	15,096
Depreciation	254	317	400	466	723
Amortisation of deferred charges	143	187	246	144	217
Funds derived from operations	2,279	2,049	4,829	6,128	16,036
Sales of shares, common stock and warrants and	—	81	10,577	3,073	47,696
Proceeds from issue of shares	1,466	1,651	12,528	—	—
Net book value of tangible fixed asset disposals	263	133	211	84	—
Other	—	249	2	178	883
	4,070	4,168	28,487	9,204	68,145

	1979	1980	1981	1982	1983
Application of funds:					
Depreciation in long term borrowings	(1,718)	(1,200)	(639)	(1,062)	(1,225)
Purchase of tangible fixed assets	(29)	(1,178)	(155)	(38)	(166)
Expenditure on deferred charges	—	—	—	—	(4,346)
Payment of expenses of Offer for Sale	—	—	—	—	(5,884)
Purchase of warrants for company shares	—	—	—	(51)	(54)
Dividends paid	(69)	—	(73)	(431)	(1,715)
Taxation paid	(280)	(60)	(112)	(66)	(387)
Other	(2,094)	(2,488)	(2,279)	(2,127)	(31,321)
	(3,680)	(3,906)	(3,179)	(3,753)	(34,844)
Changes relating to discontinued operations	(1,683)	1,660	24,630	13,291	34,814
Movement in working capital	(382)	1,331	3,138	5,281	4,086
Stocks and contract work in progress	3,179	5,645	15,162	7,104	41,736
Trade creditors, accruals and advance contract deposits	(3,280)	(1,171)	(1,378)	5,405	(29,580)
	(1,108)	6,706	16,900	14,891	75,874
Movement in net liquid funds	(148)	307	2,584	(2,560)	15,267
Cash	(427)	(6,522)	5,146	(4,139)	61,339
Overdrafts and short term loans	(155)	(15,045)	7,730	(6,620)	19,140
	(1,683)	1,660	24,630	13,291	34,814

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies
Financial statement presentation
The foregoing financial statements have been prepared in US dollars on the historical cost basis. All significant intra-company transactions and balances have been eliminated on consolidation.

Stocks are stated at the

International Signal & Control Group PLC

Name of company and country or state of incorporation	Description of shares held	Percentage of nominal value of issued shares held	Business
ISC Electronics Inc. (Delaware, USA)	Ordinary 50.10 shares	100%	Reliability company
International Signal & Control Corp. (Delaware, USA)	Ordinary 50.10 shares	100%	Manufacturing
ISC London PLC (formerly ISI London PLC) (England)	Ordinary 25p shares	49.5%	Marketing and component sales
ISC Technologies Inc. (formerly ISI-ISC TECH Inc.) (Delaware, USA)	Ordinary 50.10 shares	100%	Export marketing
ISC Reports Inc. (Delaware, USA)	Ordinary 510.00 shares	100%	Export marketing

In order to maintain the security clearance with the US Defense Department, Electronics has granted voting control over the shares of Corp in favour of three persons approved by that Department who are also directors of Corp.

9. Stocks

Stocks at 31st March, 1983 were as follows:

Item	Value
Finished goods	£1,275
Raw materials	£30
Total	£1,305

10. Contract work in progress

Contract work in progress at 31st March, 1983 was as follows:

Item	Value
Cost	£7,521
Attributable profit	£2,017
Total	£9,538
Less progress payments	(£7,004)
Balance	£2,534

11. Debtors

Debtors at 31st March, 1983 were as follows:

Item	Value
Trade debtors	£60,851
Due from related parties	£39
Other debtors	£1,178
Total	£62,068

£319,000 of the amount due from related parties represents balances due from Parent Enterprises Inc. a company of which Mr. J. H. Goetz is the sole shareholder to a US subsidiary. The remainder of the balance refers to US taxation payments made by a US subsidiary on behalf of S. M. Finkell Inc (£20,100) and C. H. Dreyer (£19,400).

12. Cash

Cash at 31st March, 1983 comprised the following:

Item	Value
Cash at bank and in hand	£7
Cash on deposit	£16,948
Total	£16,955

Cash on deposit at 31st March, 1983 included £14,748,000 held on interest bearing fixed deposit as security in respect of advance payment guarantees and performance bonds relating to certain contracts.

13. Creditors—amounts due within one year

Creditors due within one year at 31st March, 1983 were as follows:

Item	Value
Bank overdrafts	£2,677
Long term loans—amounts due within one year less note 14	£4,830
Trade creditors	£1,943
Taxation and social security	£83
Accruals	£1,254
Dividend payable	£1,254
Less finance obligations	(£1,387)
Total	£10,024

Included in the above figures for the Existing Group are amounts secured at 31st March, 1983 of \$561,000.

14. Creditors—amounts due after more than one year

Creditors of the Existing Group due after more than one year at 31st March, 1983 were as follows:

Item	Value
Bank revolving credit facilities	£3,000
Other loans	£163
Less finance obligations	(£28)
Total	£3,035

Amounts secured included above

Repayments of the long term portion of debtors were due as follows:

Between one and two years	Value
	£1,151
Between two and five years	£339
Total	£1,490

The future minimum lease payments to which the Existing Group was committed at 31st March, 1983 were as follows:

Year ending 31st March	Finance lease	Operating lease
1984	£590	£1,217
1985	£296	£1,073
1986	£157	£837
1987	£49	£752
1988	£20	£587
1989 and after	£1,083	£6,882
Total	£2,195	£13,358

No deferred taxation has been provided on these earnings which it is intended should be permanently retained in the US (see note 4).

15. Deferred taxation

The deferred taxation assets of ISC and of the Existing Group at 31st March, 1983 arose as follows:

Item	Value
Short term timing differences	£183
Other timing differences	£78
Advance corporation tax recoverable	£638
Total	£899

No deferred taxation has been provided on these earnings which it is intended should be permanently retained in the US (see note 4).

16. Share capital

The authorised share capital of ISC at 31st March, 1983 comprised 75 million ordinary shares of 50.10 each. The number of shares in issue at that date, all fully paid, amounted to 55,748,953. Following the 1-for-1 scrip issue, the number of shares in issue is 111,498,784.

17. Guarantees and other financial commitments

(a) Contingent liabilities

Contingent liabilities of the Existing Group not otherwise provided for at 31st March, 1983 were as follows:	Amount
Advance payment guarantees	£15,428
Unsecured	£5,833
Secured	£9,595
Performance bonds	£784
Unsecured	£784
Secured	£0
Letters of credit	£4,776

(b) Pension commitments

The pension plan covers substantially all full-time employees whose entitlement to benefits becomes vested after five years of service. The pension costs, which include amortisation of unfunded past service costs over a period of 20 years, are funded as they accrue. An actuarial valuation of the plan at 31st March, 1983, the most recent valuation available, indicated that net assets available for benefits exceeded the actuarial present value of vested and non-vested benefits.

CURRENT COST ACCOUNTS

The following summarizes the consolidated current cost profit and loss account for the year ended 31st March, 1983 and the consolidated current cost balance sheet at that date. No comparative figures are given for the profit and loss account as the information is not readily available.

Accounting basis

Current cost accounts have been prepared for the Existing Group in accordance with the requirements of the Statement of Standard Accounting Practice No. 16. Fixed assets have been revalued by reference to appropriate US Department of Labor published tables with the exception of intangible fixed assets and investments which are stated at the amounts included in the historical cost accounts. The current cost operating adjustments have been calculated by the averaging method with reference to the appropriate US Department of Labor tables. In arriving at the cost of sales adjustment and in relating stocks to current replacement cost, only stocks of raw materials and finished goods have been included. Contract work in progress is valued at current working capital.

Profit and loss account	31st March, 1983	1982	1981	1980	1979
Turnover	£900	£900	£900	£900	£900
Operating profit shown in the historical accounts	107,450	18,782	72,501	18,782	72,501
Current cost operating adjustments	(18,782)	(18,782)	(18,782)	(18,782)	(18,782)
Interest payable less recoverable	(8,656)	(8,656)	(8,656)	(8,656)	(8,656)
Less: Gearing adjustment	545	545	545	545	545
Current cost profit on ordinary activities before taxation	13,447	13,447	13,447	13,447	13,447
Taxation	(6,536)	(6,536)	(6,536)	(6,536)	(6,536)
Current cost profit on ordinary activities after taxation	6,911	6,911	6,911	6,911	6,911
Extraordinary income	735	735	735	735	735
Extraordinary charges	(4,246)	(4,246)	(4,246)	(4,246)	(4,246)
Transferred to share premium account	4,346	4,346	4,346	4,346	4,346
Current cost profit for the financial year attributable to equity shareholders	7,746	7,746	7,746	7,746	7,746
Dividends paid and proposed	(1,254)	(1,254)	(1,254)	(1,254)	(1,254)
Retained current cost profit for the financial year	6,492	6,492	6,492	6,492	6,492
Current cost earnings per share	14 cents	14 cents	14 cents	14 cents	14 cents

Balance sheet	Year ended 31st March, 1983	1982	1981	1980	1979
Fixed assets	£2,512	£2,512	£2,512	£2,512	£2,512
Net current assets	£2,512	£2,512	£2,512	£2,512	£2,512
Share capital	£5,579	£5,579	£5,579	£5,579	£5,579
Share premium account	11,578	11,578	11,578	11,578	11,578
Non-distributable reserves	13,759	13,759	13,759	13,759	13,759
Profit and loss account	1,528	1,528	1,528	1,528	1,528
Current cost reserves	22,944	22,944	22,944	22,944	22,944

Yours faithfully,
Peat, Marwick, Mitchell & Co.
Chartered Accountants

APPENDIX 2

ACCOUNTANTS' REPORT ON MARQUARDT

The Directors, International Signal & Control Group PLC, 17th Floor, 17th Floor, 17th Floor, London EC4V 3PD, and Robert Fleming & Co. Limited, 8 Crosby Square, London EC2A 3AN, Gentlemen.

We have examined the financial statements of The Marquardt Company ("Marquardt") for the five years ended 30th April, 1983. The financial statements for the period under review have been audited by a firm other than ourselves.

The financial information which follows has been prepared from the audited financial statements of Marquardt, after making such adjustments as we consider appropriate, and on the basis of the accounting policies of Marquardt set out below, which are in accordance with UK generally accepted accounting principles. In our opinion, the financial information gives a true and fair view of the state of affairs of Marquardt at 30th April, 1983 and of the profits and sources and applications of funds for the five years ended on that date.

Marquardt was a wholly owned subsidiary of Marquardt International Sales Company, which was incorporated in Delaware on 14th January, 1983. At 30th April, 1983 the subsidiary had issued 25 shares of \$100 each, payment for which remained outstanding at that date. The subsidiary has not traded, no accounts have been drawn up and, accordingly, no consolidated accounts have been prepared.

No current cost accounts have been produced because Marquardt is incorporated in the United States and therefore has not been required to produce information under Statement of Standard Accounting Practice No. 16.

No audited accounts of Marquardt have been made up in respect of any period subsequent to 30th April, 1983.

PROFIT AND LOSS ACCOUNTS OF MARQUARDT

Notes	1979	1980	1981	1982	1983
Sales	61,150	58,135	48,097	60,945	65,527
Cost of sales	(62,292)	(47,521)	(39,846)	(61,129)	(54,159)
Gross profit	8,858	10,614	8,251	9,816	11,368
Overheads	(5,404)	(4,437)	(4,539)	(6,468)	(6,939)
Other operating income	916	496	407	392	392
Operating profit	4,270	6,246	3,719	3,270	3,101
Interest receivable	149	879	437	3,826	510
Interest payable	(833)	(847)	(853)	(401)	(281)
Profit before taxation	3,586	6,278	3,203	3,270	3,630
Taxation	(1,780)	(1,400)	(1,400)	(1,663)	(1,849)
Profit attributable to equity shareholders	1,806	4,878	1,803	1,607	1,781

BALANCE SHEET OF MARQUARDT AT 30TH APRIL, 1983

Fixed assets	Notes	1983	1982	1981	1980	1979
Tangible		44,733	44,733	44,733	44,733	44,733
Intangible		67	67	67	67	67
Total		44,800	44,800	44,800	44,800	44,800
Current assets		46	46	46	46	46
Contract work in progress		46	46	46	46	46
Debtors		3,442	3,442	3,442	3,442	3,442
Deposits and prepayments with suppliers		3,826	3,826	3,826	3,826	3,826
Cash		15,660	15,660	15,660	15,660	15,660
Less: amounts due within one year		(12,395)	(12,395)	(12,395)	(12,395)	(12,395)
Net current assets		16,509	16,509	16,509	16,509	16,509
Total assets less current liabilities		61,309	61,309	61,309	61,309	61,309
Creditors—amounts due after more than one year		(4,855)	(4,855)	(4,855)	(4,855)	(4,855)
Less: Amount due from Marquardt's parent company		(11)	(11)	(11)	(11)	(11)
Total		56,443	56,443	56,443	56,443	56,443

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS OF MARQUARDT

Source of funds	1979	1980	1981	1982	1983
From operations	3,586	6,278	3,203	3,270	3,630
Profit before taxation	1,780	1,400	1,400	1,663	1,849
Depreciation	1,514	1,514	1,514	1,514	1,514
Amortisation of deferred income	(270)	(270)	(270)	(270)	(270)
Funds derived from operations	5,066	4,424	4,634	5,100	7,336
Increase in long term borrowings	8,119	—	—	—	—
Net borrowing from parent company	29	193	65	34	—
Net book value of tangible fixed asset disposals	8	9	9	11	11
Other	8,501	4,624	4,719	5,145	7,613
Application of funds	(3,520)	(2,884)	(2,884)	(2,884)	(1,340)
Decrease in long term borrowings	(1,514)	(788)	(723)	(684)	(1,340)
Purchase of tangible fixed assets	(1,780)	(1,400)	(1,400)	(1,663)	(2,849)
Taxation	(1,075)	(1,077)	(1,077)	(1,173)	(1,259)
Net advance to parent company	(1,075)	(1,077)	(1,077)	(1,173)	(1,259)
Distributions to parent company	(1,075)	(1,077)	(1,077)	(1,173)	(1,259)
Other	(1,075)	(1,077)	(1,077)	(1,173)	(1,259)
Total	(1,075)	(1,077)	(1,077)	(1,173)	(1,259)
Movement in working capital	(1,409)	276	(1,278)	(2,527)	(1,844)
Contract work in progress	1,409	(2,829)	2,388	(4,718)	(1,330)
Debtors, deposits and prepayments	1,303	554	664	(602)	(5,951)
Trade creditors and accruals	900	(1,950)	1,770	(5,077)	(3,105)
Movement in net liquid funds	(720)	1,271	(1,065)	903	2,158
Cash	(1,989)	106	(259)	(291)	(1,950)
Current portion of loans payable	(913)	7,277	(7,089)	514	1,993
Other	(12)	(613)	80	(4,200)	(1,112)

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Financial statement presentation

The financial statements have been prepared in US dollars on the historical cost basis.

Contract recognition

Profit recognition on contracts in progress at each accounting date is determined by reference to the proportion of the costs incurred or equivalent units completed up to that date, compared to the total estimated contract costs or equivalent units.

Estimated losses on contracts are provided in full as soon as they are identified.

Sales on fixed price contracts are generally recorded as deliveries are made, based on contract price. Sales on cost reimbursement type contracts are recognized as costs are incurred and a suitable applicable fee in the ratio that costs incurred bear to total estimated costs.

Depreciation of fixed assets

Depreciation is generally provided on the straight-line method based on the following estimated useful lives of assets:

Land: Not depreciated

Buildings and improvements: 20 to 40 years

Plant and equipment: 5 to 10 years

Leases

International Signal & Control Group PLC

PRO FORMA STATEMENT OF COMBINED NET ASSETS

	Marquardt Group at 31st March 1983	Existing Group at 31st March 1983	Combined
Fixed assets:			
Tangible	8,715	48,793	57,508
Intangible	625	67	692
Investments and other non-current	190	190	380
	4,630	44,660	49,290
Current assets:			
Stocks	2,125	—	2,125
Contract work in progress	14,534	46	14,580
Debtors	63,185	9,442	72,627
Prepayments and prepayments with suppliers	2,577	2,577	5,154
Cash at bank, in hand and on deposit	16,245	3,598	19,843
	116,279	15,060	131,339
Advances contract deposits	(24,039)	—	(24,039)
Net current assets	70,275	2,665	72,940
Total assets less current liabilities	74,803	47,525	122,328
Creditors—amounts due after more than one year	(3,519)	(2,570)	(6,089)
Deferred taxation	—	278	278
Net assets	71,284	44,653	115,937
Net assets per share	64 cents	85 cents	74 cents

The pro forma statement of combined net assets comprises the summation of the consolidated net assets of the Existing Group at 31st March 1983 and the net assets of Marquardt at 30th April 1983.

The combined net assets of the Existing Group and Marquardt have been adjusted on the assumption that the estimated net proceeds of the Offer for Sale of new "A" ordinary shares amount to \$45.5 million and are used to acquire the entire issued share capital of Marquardt, and on the basis that the amount due to Marquardt from its former parent at 30th April 1983 will have been waived before completion of the acquisition of Marquardt.

Net assets per share for the Existing Group at 31st March 1983 are calculated on the basis of net assets of \$71,284,000 and shares in issue at that date, adjusted for the 1-for-1 scrip issue, of 111.5 million. Combined net assets per share are calculated on the basis of combined net assets of \$115,937,000 and 136.4 million shares, being the number of shares in issue following the Offer for Sale.

APPENDIX 4 APPRAISERS' VALUATION

The Directors of International Signal & Control Group PLC, 150 East Colorado Boulevard, Pasadena, California 91105, USA, London W1Y 7FE, England, July 28, 1983.

We have made an investigation and appraisal of the plant, property and equipment of The Marquardt Company ("Marquardt"). These assets were appraised by us in connection with the planned purchase by ISC Electronics Inc., your wholly owned United States subsidiary, of the entire issued share capital of Marquardt. The appraisal was made for the purpose of expressing an opinion of the fair market value of these assets as of April 30, 1983 to serve as a guide in financial reporting on the assets under the UK Statement of Standard Accounting Practice No. 14.

The term "fair market value" as used in this letter is defined as the estimated amount at which the property would exchange between a willing buyer and a willing seller, neither being under compulsion to buy or to sell, each having reasonable knowledge of all relevant facts, with equity to both, and with both buyer and seller contemplating retention of the facilities for continued use as an operating business enterprise.

The property appraised consists of land, buildings and improvements and plant and equipment including office furniture and equipment and vehicles associated with a going concern. Supplies, materials on hand, and other assets of a current nature and intangible assets, if any are not included in this report. The assets described above are those reported to us as the property of Marquardt.

Marquardt's facility is located in Van Nuys, California in the Los Angeles Basin. The manufacturing plant is located on 56.3 acres of land and comprises approximately 480,000 square feet of buildings.

In arriving at our opinion of value, we inspected the plant, property and equipment, investigated local market conditions, interviewed members of Marquardt's management and work force, and took into account other relevant matters, including financial information provided by Marquardt and other pertinent industry data, in forming our conclusions. We have not carried out a structural survey of the assets appraised and no allowance is made for expenditure which such a survey may reveal is required.

It is our opinion, based on the investigation and analysis outlined above, that the fair market value of the property appraised, as of April 30, 1983, is FIFTY MILLION DOLLARS (\$50,000,000). This amount is distributed as follows:

Asset Classification	Fair Market Value
Land	16,370,000
Buildings and Improvements	9,885,000
Plant and Equipment	23,745,000
Grand Total	50,000,000

We have made no investigation of and assume no responsibility for the title to or any liabilities against the property appraised.

None of this letter may be disseminated to the public through advertising, public relations, news or any other means of communication without prior written consent and approval of The American Appraisal Company.

Respectfully submitted,
THE AMERICAN APPRAISAL COMPANY
By M G Koepfer
Vice President

APPENDIX 5 STATUTORY AND GENERAL INFORMATION

1. SHARE CAPITAL

(a) Share capital of ISC

The following table shows the authorised and issued share capital after the Offer for Sale—

Authorised	Issued or to be issued fully paid or credited as fully paid
\$ 16,000,000	10,153,778
	3,460,000

(i) ISC was incorporated on 7th September, 1982, with an authorised share capital of 100,000,000 ordinary shares of \$100 each which 2 shares were issued for cash at par. On 20th September, 1982, each ordinary share of \$100 was sub-divided into 10 ordinary shares of \$10 each and 925,000,000 of such shares, which were then unissued, were cancelled resulting in an authorised share capital of \$7,500,000. On 21st September, 1982, 14,100,000 ordinary shares were issued, credited as fully paid, as consideration for the acquisition of a majority interest in ISC Electronics Inc. ("Electronics") from Mr J H Guerin. Pursuant to an offer for sale of 17,038,946 ordinary shares of ISC, made on October 1982 at a price of 150p per share, all such shares were allotted at that price. After completion of that offer for sale, 36,237,029 ordinary shares were issued, credited as fully paid, as consideration for the acquisition of the balance of the issued share capital of Electronics and 12,450,000 ordinary shares were issued, credited as fully paid, as consideration for the acquisition of the whole of the issued share capital of ISC London PLC ("ISCL") not then owned by ISC or its subsidiaries.

(ii) On 31st March, 1983, the date to which the latest audited accounts of ISC were made up, ISC had an authorised share capital of \$7,500,000 divided into 75 million ordinary shares of \$10 each, of which 55,746,892 were issued fully paid or credited as fully paid.

(iii) On 5th August, 1983, the authorised share capital was increased to \$16,000,000, divided into 120,000,000 ordinary shares and 34,600,000 "A" ordinary shares of which, following a 1-for-1 scrip issue, 101,337,784 ordinary shares and 10,266,000 "A" ordinary shares were issued fully paid or credited as fully paid.

(iv) ISC will issue 24,344,000 new "A" ordinary shares fully paid pursuant to this Offer for Sale.

(v) Upon completion of the acquisition of Marquardt, ISC will issue 600,000 ordinary shares credited as fully paid to CCI, being part of the consideration for the acquisition of Marquardt.

(b) Share Capital of Marquardt

Marquardt was incorporated in the state of Delaware, USA, on 28th April, 1974. The share capital of Marquardt is as follows—

Authorised	Issued
\$ 100,000	\$ 1,000

(c) "A" ordinary shares

After 17th February, 1984 the "A" ordinary shares of \$10 each of ISC will rank *pari passu* with the ordinary shares in the capital of ISC and will thereupon be re-designated as ordinary shares. Share certificates for "A" ordinary shares will remain valid after 17th February, 1984 but will be exchanged, without charge, for certificates referring to ordinary shares upon application to ISC's Registrars by holders of those shares. All certificates issued after 17th February, 1984 in respect of transfers of former "A" ordinary shares will refer to ordinary shares.

2. SUBSIDIARIES

ISC has the following subsidiaries, all of which are wholly owned—

Date of incorporation	Country of incorporation	Business
14th August, 1979	England	Marketing and component sales
27th August, 1982	Delaware, USA	Holding company
21st January, 1981	Delaware, USA	Manufacturing
14th July, 1975	Delaware, USA	Export marketing
8th November, 1982	Delaware, USA	Export marketing

Marquardt has one subsidiary, Marquardt International Sales Company, which was incorporated in the state of Delaware, USA, on 14th January, 1983. It has an authorised share capital of \$100,000 divided into 1,000 shares of common stock of \$100 each of which 25 such shares have been issued for cash, payment for which remains outstanding.

3. DIRECTORS' SHAREHOLDINGS AND OTHER INTERESTS

The Directors of ISC had, or will have (ignoring "A" ordinary shares for which Mr Hartley and Mr. Woodcock, who intend to apply for such shares, may successfully apply under this Offer for Sale) the following beneficial interests in the share capital of ISC, all of which are interests in ordinary shares of ISC—

	Before scrip issue	After scrip issue
J. H. Guerin	14,500,473	21,200,944
C. H. Dreyer	828,000	1,440,000
J. M. Pindell	mi	mi
G. Hartley	100,000	200,000
A. Hayward	7,500	15,000
S. M. Pindell Jr	680,000	800,000
J. H. Zilliggen	300,000	600,000

Before the scrip issue Mr. Guerin had a non-beneficial interest in 900,000 ordinary shares. After the scrip issue and the Offer for Sale, Mr. Guerin will have a non-beneficial interest in 1,400,000 ordinary shares, being the shares registered and to be registered in the name of his sister, Esther Guerin, over which he holds a proxy.

(b) No Director of ISC has or will, on completion of this Offer for Sale, have any interest, beneficial or otherwise, in the share capital of any subsidiary of ISC or of Marquardt or its subsidiary.

(c) Mr C. H. Dreyer and Mr. J. H. Guerin are partners in ISC Associates which is the landlord under the lease of the premises at 2000 Hampden Road, Lancaster, Pa., USA, and of the hangar at Lancaster Airport, particulars of which are set out in paragraph 6 below. Save as disclosed herein, no Director of ISC has:

- (i) any beneficial interest, direct or indirect, in any assets which, since 31st March, 1983 have been or are proposed to be acquired, disposed of or loaned to ISC or any of its subsidiaries or Marquardt or its subsidiary;

(ii) a material interest in any subsisting contract or arrangement entered into by ISC or any of its subsidiaries or Marquardt or its subsidiary which is or will be significant in relation to the business of ISC, its subsidiaries and Marquardt and its subsidiary taken as a whole.

(d) The following are details of the service agreements between Directors of ISC and ISC or its subsidiaries together with the current annual remuneration payable thereunder—

	Commencement date	Expiry date	Employing company	Nature of appointment	Annual remuneration
J. H. Guerin	1.11.82	31.10.87	Electronics	Chairman and President	\$182,000
C. H. Dreyer	1.11.82	31.10.85	Electronics	Vice-President and Secretary	\$117,000
J. G. Hartley	1.11.82	31.10.85	ISCL	Managing Director	\$56,000
S. M. Pindell Jr	1.11.82	31.10.85	Teek	President	\$140,000
J. K. Zilliggen	1.11.82	31.10.85	Electronics	Chief Financial Officer	\$127,000

Save as mentioned above, no Director of ISC has a service contract with ISC or any subsidiary thereof, or Marquardt or its subsidiary.

(e) The aggregate emoluments of the Directors in the period ended 31st March, 1983 were \$208,000 and the emoluments payable to the Directors for the period ending 31st March, 1984 under the arrangements in force at the date hereof are estimated to amount to \$255,000.

4. MAJOR SHAREHOLDINGS

Save for Mr. Guerin's beneficial and non-beneficial interests referred to above which will together represent 16.6 per cent. of the issued share capital of ISC following this Offer for Sale, the Directors are not aware of any person holding or beneficially interested in 5 per cent. or more of the issued share capital of ISC.

5. ACCOUNTS

Full individual accounts of the US incorporated subsidiaries of ISC and Marquardt and its subsidiary are not required to be delivered to the Registrar of Companies as such companies are not registered under the Companies Act 1948 or earlier applicable legislation.

Full individual accounts relating to the financial period ended 31st March, 1983 in respect of ISC and ISCL have been prepared but have not been delivered to the Registrar of Companies. Subject to this, full individual accounts, relating to each financial period to which the financial information concerning ISCL relates, have been delivered. The auditors of each such company have made a report under Section 14 of the Companies Act 1967 in respect of each such set of accounts, whether delivered or not delivered, and each such report was an unqualified report within the meaning of Section 43 of the Companies Act 1960.

6. PARTICULARS OF PROPERTIES OCCUPIED BY ISC AND ITS SUBSIDIARIES AND MARQUARDT

The following are the principal business locations occupied by ISC and its subsidiaries and Marquardt—

Address	3000 Hampshire Road, Lancaster, Pa. 17601, USA	3000 Hampshire Road, Lancaster, Pa. 17601, USA	3000 Hampshire Road, Lancaster, Pa. 17601, USA	1000 W. 17th Street, Lancaster, Pa. 17601, USA	1000 W. 17th Street, Lancaster, Pa. 17601, USA	1000 W. 17th Street, Lancaster, Pa. 17601, USA
San Jose	2 acres	5 acres	2,500 sq. ft.	9,000 sq. ft.	10,000 sq. ft.	4,100 sq. ft.
Area of Buildings	10,000 sq. ft.	50,000 sq. ft.	10,000 sq. ft.	10,000 sq. ft.	10,000 sq. ft.	10,000 sq. ft.
Plant	mi	mi	mi	mi	mi	mi
Grouping Company	Teek	Teek	Teek	Teek	Teek	Teek
Trustee	Leasehold	Leasehold	Leasehold	Leasehold	Leasehold	Leasehold
Expire Date	31st August, 1983	31st August, 1983	31st August, 1983	31st August, 1983	31st August, 1983	31st August, 1983
Current Rent	\$20,000 p.a.	\$20,000 p.a.	\$20,000 p.a.	\$20,000 p.a.	\$20,000 p.a.	\$20,000 p.a.
Next Review Date	31st August, 1983	31st August, 1983	31st August, 1983	31st August, 1983	31st August, 1983	31st August, 1983
Notes						

Use of the space of the properties in the USA is subject to a requirement to pay, in addition to the current rent stated, all the outgoings of the land, attributable to the relevant property including, but not limited to, taxes, interest and insurance. The tenant has the option to renew the lease for a further period of five years at a rent to be agreed with the landlord or to be determined by the McGraw-Hill Engineering News-Record Building Cost Index.

*These premises are expected to be occupied in December, 1983.

*These premises are expected to be occupied in September, 1983.

7. SUMMARY OF CERTAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF ISC

The Articles of Association ("the Articles") of ISC contain provisions, *inter alia*, to the following effect—

Share Capital

A shareholder may be required to notify ISC of any interests in ISC's issued share capital pursuant to Section 74 of the Companies Act 1981 and ISC may suspend a shareholder's voting rights should he fail to give ISC the necessary notification within 42 days of being required to do so by ISC or should the Directors not be satisfied that the information given is true and accurate in all respects and ISC has served notice to that effect on the registered holder of the shares.

Quorum

A quorum at general meetings shall be not less than three members present in person or by proxy.

Votes

Subject to the restriction mentioned above and any special rights or restrictions as to voting attached to any shares or in accordance with the Articles, on a show of hands every member present in person and entitled to vote shall have one vote only and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every share held by him. No special rights or restrictions apply at the date hereof.

Untraced Shareholders

ISC may sell the shares of a member or of a person entitled on death or bankruptcy of a member if such member or other person has not cashed warrants or cheques sent by ISC over a period of 12 years and ISC has not, after giving notice in the Press, received indication of the whereabouts or existence of the member or other person. ISC shall be obliged to account for the proceeds of sale to the person entitled thereto.

Directors

(a) There is no shareholding qualification for Directors of ISC.

(b) The Directors are subject to retirement on reaching the age of seventy years but are eligible for re-election year by year thereafter.

(c) The aggregate fees of the Directors shall not exceed \$75,000 per annum or such higher amount as ISC by ordinary resolution may from time to time determine. Such remuneration shall be divided among the Directors as they shall agree or, in default of agreement, equally. Any Director who renders any special or extra services to ISC may be paid such extra remuneration by way of salary, participation in profits or otherwise as the Directors may determine.

(d) The Directors may from time to time appoint any one or more of them to be the holder of an executive office on such terms and for such period as they may determine. Any Director so appointed to the office of managing director shall not be subject to retirement by rotation and shall receive such remuneration as the Directors may determine.

(e) At every Annual General Meeting, one third of the Directors who are subject to retirement by rotation shall retire from office. A retiring Director shall be eligible for re-election.

(f) Any Director may hold office as a Director or other officer of, or be otherwise interested in, any other company of which ISC is a member or in which ISC is otherwise interested and no such Director shall unless otherwise agreed be liable to account for any remuneration or other benefits receivable by him as a Director or officer of, or by virtue of his interest in, any such other company.

(g) The Directors may confer upon any Director appointed to an executive office any of the powers exercisable by them as Directors, upon such terms and conditions and with such restrictions as they think fit, and may revoke or vary any such powers.

(h) The Directors may establish and maintain any pension, superannuation, benevolent or life assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of any present or former employee or Director of ISC, its holding company or subsidiary or predecessors in business provided that, in the case of a Director, he holds or has held an executive position or agreement for service with ISC or such other company as aforesaid, and for the wives, widows, families and dependants of any such persons.

(i) Save as provided in the Articles of Association, a Director shall not vote on any resolution of the Board in respect of any contract or arrangement or other proposal in which he is interested (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise through ISC) nor shall he be counted in the quorum at a meeting in relation to any resolution in which he is so interested. However, a Director shall be entitled to vote and be counted in the quorum in respect of any resolution concerning the following matters, namely—

- (i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of ISC or any of its subsidiaries;
 - (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of ISC or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) any proposal concerning an offer of shares or debentures or other securities of or by ISC or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
 - (iv) any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise however, provided that he together with any person connected with him is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company;
 - (v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes;
 - (vi) any contract arrangement or proposal for the benefit of employees of the Group under which the Director benefits in a similar manner as the employees and does not accord to any Director as such any privilege or advantage not generally accorded to the employees to which the scheme or fund relates.
- ISC may by ordinary resolution suspend or relax any of these provisions to any extent or vary any transaction not duly authorised by reason of a contravention of these provisions.

Restrictions on Transfer

The Directors shall not register any person as a holder of a share unless they have been furnished with a declaration signed by or on behalf of the prospective holder stating whether or not such registration would result in such share being held by a North American Person.

Borrowing Powers

The Directors shall restrict the borrowings of ISC so as to secure that, save with the previous sanction of an ordinary resolution, no money shall be borrowed if the aggregate principal amount outstanding of all moneys borrowed by the Group (including inter-Group borrowings) then exceeds or would as a result of such borrowing exceed an amount equal to twice the aggregate of the amount paid up on the share capital of ISC and the amount standing to the credit of the consolidated capital and reserves reserves of ISC as shown by the latest audited consolidated balance sheet of ISC but excluding any sum or sums of money intended to be applied and actually applied within six months of the date of borrowing in the repayment (with or without premium) of any moneys then already borrowed or secured and then outstanding all of which shall be subject to such adjustment as may be necessary in respect of any variation in the paid up share capital or consolidated capital reserves of ISC since the date of its latest audited balance sheet or such adjustment as the auditors consider necessary. Amounts borrowed in respect of contracts to the extent of credit insurance thereon shall be deemed not to be borrowed moneys.

Liquidation

The capital of ISC consists of ordinary shares and "A" ordinary shares. In the event of liquidation, all shareholders will rank *pari passu* in respect of the proceeds of liquidation, if any, after all liabilities of ISC have been met.

GENERAL MEETINGS OF ISC

The Annual General Meeting in each year shall be held within seven months following the close of each accounting reference period of ISC. Extraordinary General Meetings may be convened at any time by the Directors or may be requisitioned by shareholders holding not less than one-tenth of the paid up share capital carrying voting rights. Notice of all general meetings will be posted to shareholders at their registered address giving the time and place of the meeting and the business to be transacted.

8. REPORT AND ACCOUNTS OF ISC

The Annual Report and Accounts and any interim statements of ISC will be sent to shareholders at their registered address. Copies may be obtained from The Royal Bank of Scotland plc, Registrar's Department, and Banque Internationale à Luxembourg S.A.

9. TRADING IN ISC SHARES ON THE LUXEMBOURG STOCK EXCHANGE

Trading in ISC shares on the Luxembourg Stock Exchange will be in accordance with its rules and regulations and subject to the payment of normal brokerage fees. A seller of ISC shares who instructing that broker, will have to execute a share transfer form. Brokers are required to check the identity and legal capacity of both purchaser and seller. Every Wednesday, ISC's transfer agent in Luxembourg will register transfers of ISC shares made on the Luxembourg Stock Exchange during the preceding week and will send, without delay, a new share certificate to the purchaser's broker and a confirmation card to the selling broker; if appropriate, with a certificate for any ISC shares which have not been included in the sale, thereby informing them of the completion of the transfer. The brokers will settle the bargain within 3 days of the receipt of the new certificate and confirmation of completion.

10. CONSENTS

Messrs. Peat, Marwick, Mitchell & Co. have given and have not withdrawn their written consent to the issue of this document with the inclusion therein of their Reports and the references to them in the form and context in which they respectively appear. The American Appraisal Company has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its Report and the references to it in the form and context in which they respectively appear.

11. SUMMARY OF THE AGREEMENT FOR THE ACQUISITION OF MARQUARDT AND ARRANGEMENTS WITH MR. WOODGRIFT

Agreement for the acquisition of Marquardt

- (a) Dated as of 12th July, 1983.
- (b) Parties:
 - (i) CCI Corporation ("CCI")
 - (ii) ISC Electronics Inc. ("Electronics")
- (c) Purchase consideration and escrow agreement

The consideration for the acquisition of the entire issued share capital of Marquardt is the cash sum of \$45.5 million ("Cash Purchase Price") and the allotment to CCI of 600,000 ordinary shares of \$0.10 each (the "Share Purchase Price"). The Cash Purchase Price is payable to an Escrow Agent to be paid by CCI at completion, the balance of \$4 million being payable at completion to an Escrow Agent to be paid by such Agent subject to certain conditions to CCI without interest on the first anniversary of completion. Interest is payable to CCI at Manufacturers Hanover Trust Company's prime rate on \$38.5 million from 28th July, 1983 until completion.

The Share Purchase Price is subject to the restriction that CCI is required to apply the same in acquiring from Mr. K. E. Woodgrift his holding of 1,900 shares of common stock of CCI.

(d) Inter company indebtedness

The Agreement states that the indebtedness of CCI to Marquardt at 30th April, 1983 has been forgiven by Marquardt. To the extent that the indebtedness of CCI to Marquardt in respect of transactions occurring after 30th April, 1983 has not been repaid by Marquardt during the last nine years, the amount thereof outstanding at completion will be credited against the Cash Purchase Price.

(e) Warranties and indemnities

The Agreement contains warranties and indemnities on the part of CCI as to the organization and standing of Marquardt, its share capital and ownership, the accuracy of the financial statements of Marquardt for the five years ended on 30th April, 1983 and as to the assets and liabilities and the financial, trading and taxation position of Marquardt. CCI's liability under the warranties and indemnities is not limited in time or as to maximum amount but, save in respect of known and intentional misrepresentations on the part of CCI, is subject to the following limitations—

- (i) CCI shall not be liable in respect of any single claim not exceeding \$25,000 or for claims exceeding \$25,000 to the extent that the aggregate of such claims does not exceed \$100,000;
- (ii) to the extent that claims exceeding \$25,000 individually exceed, in the aggregate, \$100,000 but do not exceed \$1,000,000, CCI's liability is limited to 80 per cent. of the aggregate amount of the excess over \$100,000.

(f) Non-competition covenants

CCI has given the following covenants—

- (i) neither CCI nor any of its principal officers will compete directly or indirectly with either Electronics or Marquardt in any part of the world for a period of five years from completion to any extent of the business carried on by Marquardt during the last nine years;
- (ii) neither CCI nor any of its principal officers will provide any of the accounts, personnel, customers and goodwill of Marquardt

صحة الإنسان الأصل

APPOINTMENTS

New chief at chemical association

British Chemical Engineering Contractors Association: Mr A E S Clifford, chief executive of Petrocarbon Development...

WARM WELCOME AWAITS REAL TIME

In less than seven years Real Time Control, Britain's biggest supplier of electronic point-of-sale systems, has built up a virtual monopoly among the big cash-and-carry wholesalers...

Unlisted Securities

Table with columns: Capitalisation, Company, Price, Change, Gross Dividend, Dividend Yield, P/E. Lists various unlisted companies and their financial metrics.

INVESTORS' NOTEBOOK • USM REVIEW

Warm welcome awaits Real Time

scale system in conjunction with GE for use on gauge forports. BP and Tesaco have already bought the system and are evaluating it to test its suitability. Simon & Coates estimate that if trials are successful it could open up another sizeable market to RTC.

Another of Simon & Coates' USM introductions, Polytex Marine, started trading last week and almost doubled in price overnight. Shares in the marine navigation equipment manufacturer were placed at 17 1/2p and at one stage hit 23 1/2p.

Eurobonds prices (yields and premiums)

Table with columns: Maturity, Price, Yield, Premium. Lists Eurobond issues with their respective prices, yields, and premiums.

Offshore and International Funds

Table with columns: Fund Name, Price, Yield, Premium. Lists various offshore and international funds with their performance metrics.

International Signal & Control Group PLC

(vii) An Agreement dated 21st September, 1982 made between Corp (1), Parent Enterprises, Inc. to company controlled by J. H. Guerin, (2) and J. H. Guerin (3) relating to the sale of the share capital of certain subsidiaries of Electronics International Corporation...

18. TAXATION

(a) Shareholders and potential shareholders should consult their own professional advisers in respect of the tax consequences of acquiring, holding and disposing of ISC shares.

PROCEEDURE FOR APPLICATION

The Royal Bank of Scotland plc, New Issues Department, 24 Lombard Street, London EC3A 9BA will receive applications, which must be for a minimum of 400 shares and in multiples of 200 shares up to 1,000 shares...

Copies of this Offer for Sale with Application Forms may be obtained from—

- Robert Fleming & Co. Limited, 8 Crosby Square, London EC3A 6AN. L. Messel & Co., Winchester House, 100 Old Broad Street, London EC2P 2HX.

Application Form

The application list for the "A" ordinary shares now offered for sale will open at 10am on Friday, 12th August, 1983 and may be closed at any time thereafter.

International Signal & Control Group PLC

Offer for Sale by Tender by Robert Fleming & Co. Limited of 34,600,000 "A" ordinary shares of US \$0.10 each at a minimum tender price of 125p per share, the price tendered being payable in full on application.

Application form with fields for Name, Address, Telephone, and checkboxes for various options. Includes a section for 'Number of Shares Applied For' and 'Amount of Shares Applied For'.

EQUESTRIANISM

Mrs Greene defers to her husband at the finish

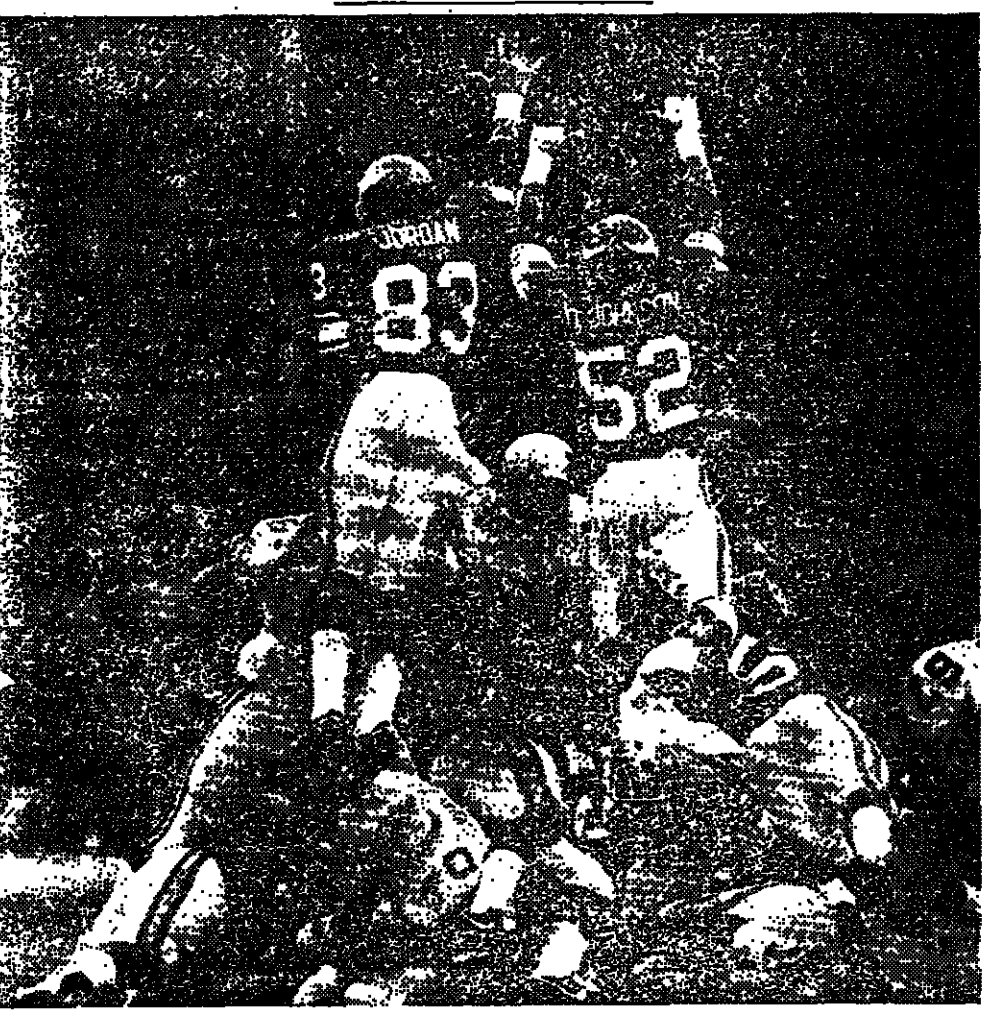
By Jenny MacArthur

Lucinda Greene, the world three-day event champion, riding Beagle Bay, was pushed into second place at the first Gatcombe Park Horse Trials...

By high enough for Captain Mark Phillips to break even - no mean feat considering the additional expenses of putting on a horse trial for the first time...

had been lent the Range Rover team's Fieldmaster for a recent, Virginia Holgate, a member of the British squad for the European championships...

AMERICAN FOOTBALL



Minnesota's Randy Clark (No 64) has no place to go and people to meet at Wembley. (Photograph by Chris Cole).

Wembley tastes the real thing

By Robert Pryce
Minnesota Vikings.....28
St Louis Cardinals.....10
Vince Lombardi may be dead, but his spirit still roams the National Football League...

considerable help of Randy Hollaway, who kept popping through the offensive line to bring down the quarterback. He tackled Lomas three times in the third quarter...

BOWLS

Red Arrows no match for Hill

By Gordon Allan
They call the Bournemouth Open tournament the Royal Ascot of bowls. Ray Hill, a Welsh international from Aberavon...

IN BRIEF

Pentathlon double win for Soviet union

Warendorf, West Germany, (AFP) - The Soviet Union claimed a double triumph in the world modern pentathlon championships on Saturday...

OLYMPIC GAMES: The Soviet Union has bought the rights to televise next summer's Los Angeles Olympic Games...

RUGBY UNION: Australia avenged last year's defeat by beating Argentina 29-13 in the second international in Sydney yesterday...

Hockey Park

1.20-1, Wilson (1-1), 13. 2.20-1, On (1-1), 13. 3.20-1, Speedwell (1-1), 13. 4.20-1, Peasall (1-1), 13. 5.20-1, Peasall (1-1), 13. 6.20-1, Peasall (1-1), 13. 7.20-1, Peasall (1-1), 13. 8.20-1, Peasall (1-1), 13. 9.20-1, Peasall (1-1), 13. 10.20-1, Peasall (1-1), 13. 11.20-1, Peasall (1-1), 13. 12.20-1, Peasall (1-1), 13.

TENNIS: Houston (AP) - Five-time Wimbledon champion Bjorn Borg of Sweden, has entered the \$400,000 world mixed doubles tennis championships...

Redcar

1.42-1, Kalkbrenner (1-1), 14. 2.42-1, Kalkbrenner (1-1), 14. 3.42-1, Kalkbrenner (1-1), 14. 4.42-1, Kalkbrenner (1-1), 14. 5.42-1, Kalkbrenner (1-1), 14. 6.42-1, Kalkbrenner (1-1), 14. 7.42-1, Kalkbrenner (1-1), 14. 8.42-1, Kalkbrenner (1-1), 14. 9.42-1, Kalkbrenner (1-1), 14. 10.42-1, Kalkbrenner (1-1), 14. 11.42-1, Kalkbrenner (1-1), 14. 12.42-1, Kalkbrenner (1-1), 14.

Eddery can prove an able deputy for Cecil's fillies

By Dick Hinder

Jockeys are finding it tough going trying to steer a straight course on horses not relishing the fast going. Saturday was the turn of Bobby Elliott to join the long list of suspended jockeys...

was quickly denied by the Dubai-based family who said in a statement "The rumour that the Maktoum family have offered a retainer to Pat Eddery is categorically incorrect. They were able to make it clear that they are perfectly happy with all their existing arrangements."

Pat Eddery, another senior rider, will not be riding for a week as a result of concussion sustained when his mount, Bossy Boots, was brought down in the Kwi Stakes at Newmarket...

Cecil could be on the mark at Newmarket tomorrow when Nigel Day rides Now And Again against Kobkowitz, in a match for the Greenhead Stakes. This is Now And Again's first appearance as a three-year-old, after having considerable success with two victories from three outings last year.

King Persian in command

By Our Irish Racing Correspondent

The extension of the Helix '57' Phoenix Stakes from five to six furlongs at Phoenix Park on Saturday was the deciding factor in the success of the Lams Bros-trained King Persian. The colt would not have won over the traditional trip, but he would not have finished in the first four.

display his full potential. Before Saturday's win he had centred in at Gwyn Park, Browne, who had his first classic winner with Dura Novach last year, is optimistic that King Persian, who comes from the second crop of Persian God, will prove classic material in 1984. The next major target for him will be the National Stakes at the Curragh.

Chris Loggin, a farmer near Brackley, Northampton, made the best possible start as a permit holder, when his first runner, the former point-to-pointer, Another Nitty won the Dudley Novices Chase at Worcester on Saturday evening.

NEWCASTLE FIRST WIND: Newcastle 2.30 Little Wizard, 3.0 Monticelli 4.0 Ladbroke, 4.15 Argyle, 4.16 Spectacular Sky, 5.15 True Fire. Windsor 3.0 W.B. Winton, 3.5 Jolly Star, 4.0 Tansley, 4.0 Mrs. M. H. Winton, 4.0 Windsor.

Newcastle

Draw no advantage. 2.30 THROAT STAKES (2-y-o maidens: £1,347: 5f) (11 runners) 1. 130 BALMAGARA (D. Maclean) P. Fallon 9-0 ... 2. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 3. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 4. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 5. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 6. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 7. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 8. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 9. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 10. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 11. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 12. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 13. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 14. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 15. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 16. 20204 FLEET BUILDER (P. Fallon) L. J. Barry 8-0 ... 17. 20204 FLEET BUILDER (P. Fallon) L. 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Today's television and radio programmes

Edited by Peter Dear

BBC 1

- 6.00 Ceefaz AM. News headlines, weather, traffic and sports details. Also available to viewers with television sets without the teletext facility.
6.30 Breakfast Time. Introduced by Frank Bough and Sue Cook. News from Debbie Rix at 6.30, 7.00, 7.30, 8.00 and 8.30 with headlines on the quarter hours; regional news, traffic and weather at 8.45, 9.15, 9.45 and 10.15; keep fit and family finance between 8.45 and 9.00; tonight's television preview between 9.15 and 9.30; review of the papers at 9.30 and 8.30; horoscopes between 9.30 and 8.45; and food and cooking between 8.45 and 9.00. The guest is composer Henry Mancini.
9.00 Hey Look... That's Me! Chris Harris is at the annual meeting of the Bournemouth Cycle Speedway Club; watches trampoline and meets children from St Thomas' School for the Deaf. Basingstoke 9.25 Jackanory. Rula Lemska reads The Winged Hussar, a Polish folk tale (r) 9.40 The Weeklies (r) 9.45 Why Don't You? Ideas from Belfast for young people with time on their hands (r) 10.10 Closedown.
1.00 News After Noon with Richard Wintmore and Helen Croeger. The weather details come from Michael Fish 1.27 Regional news (London and SE only); Financial report followed by news headlines with subtitles 1.30 Check-a-Block. A See-Saw programme for the very young (r) 1.45 Cartoon: Barney Bear in The Prospecting Bear 1.55 Cusden on Avon. Richard and Helen travels from Pewsey to Ambury.
2.25 The First World Athletic Championships from Helsinki. Introduced by Desmond Lynam. Coverage of three finals - the Men's triple jump (at 4.00), the Women's 100 metres (5.50); and the Men's 100 metres (6.00) plus the heats or other competitions (continued on this channel at 6.50 with highlights of the day's events following the 9.00 news)
6.10 News with Soira Stuart 6.30 South East at 6.30
6.50 The First World Athletic Championships from Helsinki. Introduced by Desmond Lynam.
7.20 Matt Houston: A Novel Way to Die. A renowned actress is murdered at a crime-writers' convention. The millionaire detective discovers she had many enemies, several of whom were staying at the same hotel the night she died.
8.10 Panorama: The Open Scandal. A repeat showing of Tom Mangold's investigations into the drug that was falsely claimed to be a cure for arthritis. His investigations reveal that details of the adverse side effects that emerged from using the drug were suppressed by the manufacturers (r).
9.00 News with John Humphrys followed by The First World Athletic Championships. Highlights of the day's three finals.
9.40 Film: The Ballad of Cable Hogue (1970) starring Jason Robards and Stella Stevens. Comedy western about a prospector who is left to die in the desert by his crooked partner. In his struggle to survive he discovers a water hole which he develops and makes himself a rich man - but with revenge still in his soul. Directed by Sam Peckinpah.
11.40 News headlines and weather.

TV-am

- 6.25 Good Morning Britain presented by Anne Diamond and Martin Wainwright. News from Lydia Barry at 6.30, 7.00, 7.30, 8.00, 8.30 and 8.58; sport at 8.45 and 7.45; highlights of Diana Dors's diet at 7.10; pop video at 7.55; star romance at 8.05; exercises with Mad Lizzie 8.50; and from 9.00 Roland Rat in Edinburgh.
9.25 Thames news headlines followed by Suzanne Street in which the Muppets appear learning without seeming to. 10.25 Friends of My Friends. A day in the life of two Pakistani children from the Hindu-Muslim centre, 10.30 Little House on the Prairie. Part two of There's No Place Home (r).
12.00 We'll Tell You a Story. Christopher Lillicrap with a story, a song and a rhyme for the very young (r). 12.30 The Question. The advantages of bugs investigated by Brian Trueman.
1.00 News with Carol Barnes. 1.20 Thames news from Robin Long and Don Spenser. The Western pioneer saga starring Rosemary Harris and Ben Murphy.
2.30 The World Athletics Championships from the Olympic Stadium, Helsinki, introduced by Dickie Davies. Coverage of the semi-final heats in the 400 metres hurdles and the start of the women's seven event. Highlights in which Britain's Judy Livermore is competing.
4.00 We'll Tell You a Story. (r). 4.15 Cartoon: Victor and Maria in The Lion. 4.20 A Musical World. Children from Leek High School, Staffordshire, perform a musical exploration of the Staffordshire Moorlands.
4.50 The World Athletics. Coverage of the triple jump final and the finals of the men's and women's 100 metres.
6.15 News 6.30 Thames news.
7.00 The Krypton Factor. Heat seven and four more hopefuls compete for a place in the semi-final of the brain and hand competition. Introduced by Gordon Burns.
7.30 Coronation Street. Bert Tisley has been found and wife Ivy sets off to collect him.
8.00 The Starlight Ballroom. A 1940s variety show in the Club. Special hour with Alvin Stardust as the Big Band leader-host of a radio spectacular. Also starring Lynette de Paul.
8.30 World in Action: Colonel Rauff's Refuge. A documentary that exposes Nazi SS Colonel Walter Rauff in his Santiago, Chile, hideout. (see Choice).
9.00 Minder: Poetic Justice - Inmiff! By a quirk of chance Arthur is selected for jury service. In his absence Terry is in charge of the Aladdin's Cap and look-up. Starring Dennis Waterman and George Cole (r).
10.00 News.
10.30 Look Familiar. Denis Norden reminisces about the show business stars of the Thirties and Forties with guests Bill Owen, Erna Kitt and Larry Grayson.
11.00 Film: The Abominable Dr Phibes (1971) starring Vincent Price. Spook horror about a disgraced musician who carries out a vendetta against the surgical team who he believes were responsible for the death of his wife. Directed by Robert Fuest.
12.40 Night Thoughts from the Rev Dr Kenneth Grant.

CHOICE



Xie Fang and Cao Yindi in Two Stage Sisters: Channel 4, 10.30pm

CHOICE

One of the most notorious of the war criminals still free has been flushed from South American woodwork by World in Action. COLONEL RAUFF'S REFUGE (TV 8.30 pm) traces the career of the man who massacred the 11,000 murders of almost a quarter of a million men, women and children with his specially constructed mobile gas chambers. Walter Rauff has been living the life of a well-to-do retired businessman in a select suburb of Santiago, the capital of Chile, since he was the subject of an abortive extradition request by the West German government 20 years ago. World in Action, with unpublished documents has been able to plot Rauff's flight from Milan where he was SS chief at the end of World War Two, to the Middle East, and eventually to Chile where he lives under the unassuming eyes of...

CHOICE

the military dictatorship. Rauff has been secretly filmed by World in Action and briefly interviewed, but for the four weeks the cameras were camped outside his home. Rauff emerged only twice. One of the more deserving cases of the season of repeats is tonight's G.E.2: OLD WIVES' TALES (BBC2 7.50 pm) in which Professor Noel Dilly wanders the Cotswolds testing the truth behind old country saws. Surprisingly, a fair number stand up to modern scientific examination but, predictably, most of them proved to be nonsense. Either way, Professor Dilly's investigations make for a most enjoyable half-an-hour. Another welcome repeat is John...

CHOICE

Arden's Giles Cooper Award-winning play, THE OLD MAN SLEEPS ALONE (Radio 4 8.10 pm) which was commissioned by the BBC as part of their 60th anniversary celebrations. The play, set in the 12th century, concerns the building of Durham Cathedral. The French master mason in charge of the project is dying and has to leave the completion of the task to his two young English apprentices. But which of them will inherit the secrets of his craft? His daughter shares his secret and, in a dying wish, the Frenchman asks her to impart the knowledge to the apprentice she chooses to marry. Should she wed the abler of the two or the one she would prefer to marry? Linda Cardellini and her daughter with Nigel Anthony and Christian Rodska as the two apprentices.

TONIGHT'S PROM

- 7.30 Haydn: Symphony No 7 in G major (La Muc), Tchaikovsky: Violin Concerto in D major (Svan)
8.50 Dvorak: Symphony No 5 in F major (Svan)
9.00 Concerto in D major (Svan)
9.10 Concerto in D major (Svan)

Radio 3

- 6.55 Weather.
7.00 News.
7.05 Morning Concert: Walter Leigh, Eric Coates, Sam-Sears (Piano Concerto No 4), Sibelius (Svan of Tuonela) (r)
8.00 News.
8.05 Morning Concert (continued): Zanetti, Vivaldi (Mandolin Concerto in C), Handel (Messiah excerpts), Beethoven (Symphony No 5 in E Minor Op 67), recovers.

Radio 2

- News on the hour every hour (except 6.00 and 9.00 pm, 5.00 Coon Barry).
7.30 Ray McManis, 10.00 Jimmy Young, 12.00 Music While You Work, 12.30 Gloria Harnford, including 2.02 Sports Desk, 2.30 Steve Jones, including 2.02 Sports Desk, 4.00 David Hamilton, including 4.00, 5.30 Sports Desk, 5.00 News, 5.15 'Dunn' including 6.45 Sport and Classified Results, 7.28 Cricket Desk, 7.30 Alan Dale with Dance Band Days and the Big Band Era, 8.45 Humphry Lytton with the Best of Jazz, 8.50 Star Sound, 9.57 Sports Desk, 10.00 Pop Scene, 10.20 Eve Night Lady with Gary Layton, 1.00 Brian Matthew with Two's Best, 2.00-5.00 Patrick Luffit Introduces You and the Night and the Music.

Radio 1

- News on the half hour from 8.20 am until 8.30 pm and then at 10.05 and 12.00 midnight. 6.00 Adrian John, 7.00 Miss Razz, 9.00 Simon Bates, 11.00 Mike Smith with the 12.15 Beat of Brass, 12.30 Newsbeat, 12.45 Any Peaback, 2.00 Steve Wright, 4.00 Peter Powell, including 4.00 News About Britain, 4.15 News, 4.30 News, 4.45 News, 4.55 News, 5.00 News, 5.15 News, 5.30 News, 5.45 News, 5.55 News, 6.00 News, 6.15 News, 6.30 News, 6.45 News, 6.55 News, 7.00 News, 7.15 News, 7.30 News, 7.45 News, 7.55 News, 8.00 News, 8.15 News, 8.30 News, 8.45 News, 8.55 News, 9.00 News, 9.15 News, 9.30 News, 9.45 News, 9.55 News, 10.00 News, 10.15 News, 10.30 News, 10.45 News, 10.55 News, 11.00 News, 11.15 News, 11.30 News, 11.45 News, 11.55 News, 12.00 News, 12.15 News, 12.30 News, 12.45 News, 12.55 News, 1.00 News, 1.15 News, 1.30 News, 1.45 News, 1.55 News, 2.00 News, 2.15 News, 2.30 News, 2.45 News, 2.55 News, 3.00 News, 3.15 News, 3.30 News, 3.45 News, 3.55 News, 4.00 News, 4.15 News, 4.30 News, 4.45 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Minister quits anti-hunt body

By Hugh Clayton, Environment Correspondent

A junior minister has resigned as patron of the Conservative Anti-Hunt Council because it opposes government policy.

Mr Clark's role in the council was disclosed in The Times last week after the Government had said in one of its statements about hunting that it did not intend to legislate against it.

Mr Clark decided that his role as a minister was incompatible with patronage of a pressure group opposed to its policy.

The council, which is open only to members of the Conservative Party, wants to create inside the party a nucleus of opposition to hunting.

Mr Huskisson in turn rejected a claim from Mr Coghill that he tried to persuade hunts to stage incidents, including the "bleeding" of a child by blood from an animal killed by hounds.



Cameras roll for a Civil War replay

Members of the Sealed Knot, a society which re-enacts battles from the Civil War, go into action at Rockingham Castle near Corby in Northamptonshire for a new £2m BBC historical drama series.



Tug takes tanker hulk out to sea

Continued from page 1... for two members of the 300-ton hulk of the tanker, the fire destroyed the five-year-old Castillo de Beller.

A warning was issued last night that the Cape west coast region faced a grave long-term pollution threat.

The couple was killed on Saturday night when their car was in a head-on collision with a coach carrying French holidaymakers.

An Old English sheepdog abandoned in Princes Street Gardens, Edinburgh had a rope and £3 attached to its collar.

Warsaw (Reuters) - More than 2,000 dissidents emigrated from Poland with their families during martial law.

Iranian lessons in Gulf psychology

That the Iranian government colonel said with a grimaced sheep of his arm, "Is Iran, and these are our tanks beating the hell out of them."

Along the road to the front we counted more than 50 Soviet T54s dug into defensive positions in the parched, rolling landscape.

Another, a former clerk in the Health Ministry, said: "There aren't any Iranians left after this attack."

The Iranian troops, however, have been harsh. Ayatollah Khomeini has demanded the replacement of President Saddam Hussein's government with an Islamic republic.

But the real reason, according to diplomats, is to counter the propaganda effect of Iran's two incursions into Iraq last week and to raise morale among the weary, million-strong Iraqi forces.



Unrelenting foe: President Saddam Hussein of Iraq (left) and Ayatollah Khomeini

Unrelenting foe: President Saddam Hussein of Iraq (left) and Ayatollah Khomeini. The attack was said to be timed to gain maximum publicity and convince the Iranians and the world that Tehran does not hold the initiative in the war, and to persuade it to negotiate for peace.

THE TIMES INFORMATION SERVICE

The Times Crossword Puzzle No 16,202

A crossword puzzle grid with numbers in the starting squares. The grid is 15 squares wide and 15 squares high.

- ACROSS
1 Features of the country one found in "Wuthering Heights" (10).
2 Gascon card game? (4).
3 Opposition to the current rate (10).
4 Title for the pantomime, perhaps (4).
5 Some energy shown by supporter when given money (4-5).
6 No-one can get the soldier to retreat from firing (8).
7 Frenchman goes by rail to college (6).
8 Ready to sail with a starving poet, apparently (8).
9 Present-day saint (8).
10 Describes a low habit? (9).
11 Prison we associate with time (4).
12 Send out note with translation (4).
13 Fretfulness spoiled a nice time round the piano (10).
14 Quarter young American was advised to leave (4).
15 Where soldiers might be Chinese citizens with tough leader (10).

Today's events

New exhibitions
Paintings and drawings by David Hollinshead, Usher Gallery, Lincoln Road, Lincoln, Mon to Sat 10 to 5.30, Sun 2.30 to 5 (until Sept 4).
Paintings and drawings by local artists: Old Mayor's Parlour Gallery, Church Street, Hereford, Mon to Sat 10 to 5; (from today until Aug 20).

Nature notes

Yellow wagtails have finished nesting in the fields, and begin to flock together in roosts at dusk. They will soon be leaving for west Africa. Swifts career in wild screaming-parties round roofs and steeples on a cool morning, with a favourable wind, they will suddenly disappear, bound for South Africa.

Roads

Midlands and East-Anglia: M6: Lane closures between junctions 5 and 6 (Birmingham NE to Birmingham Central). M3: Lane closures between junctions 15 and 16 (Northampton). M45: Eastbound carriageway closed; diversion.

Weather

An anticyclone enters the British Isles but a weak trough of low pressure will cross parts of Scotland. London, E. M.: Central: E. England, Midlands Dry variable cloud, sunny periods, light breeze, max temp 19 to 21C (66 to 70F).

MOON TODAY

A weather map of the British Isles and surrounding regions. It shows pressure systems, wind directions, and cloud cover. A table to the right of the map provides weather data for various locations across the country.

Last chance to see

One Eye on the Pot, Townley Hall Art Gallery, Burnley, Lancs, Mon to Fri 10 to 5.30; (ends today).

Bond winners

Winning numbers in the weekly draw for Premium Bond Prizes are: £100,000 - 13XT 918938 (the winner lives in Cumbria); £50,000 - 17WZP 84476 (Surrey); £25,000 - 26AT 364945 (London Borough of Ealing).

The pound

A table showing exchange rates for various countries. Columns include Country, Bank, and Rate. Countries listed include Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, Norway, Portugal, South Africa, Spain, Sweden, Switzerland, USA, and Yugoslavia.

The papers

The Daily Mirror says that the Press Council's judgement on The Sun over its alleged "world exclusive" interview with the widow of Sgt Ian McKay, the Falklands VC winner could hardly be more damning.

Lighting-up time

London 5.08 pm to 8.06 am. Edinburgh 5.27 pm to 8.01 am.

Yesterday

A table showing weather data for various locations across the country for the previous day. Columns include Location, Cloud, Rain, Wind, and Temp.

Highest and lowest

A table showing the highest and lowest temperatures recorded in various locations across the country for the previous day.

Anniversaries

William Bateson, biologist, was born at Whitby, Yorkshire, 1861. Thomas a Kempis, theologian, died at Agnietenberg, Netherlands, 1471.

WHY ISN'T BRITISH ATLANTIC BEING ALLOWED TO FLY YOU IN LUXURY TO NEW YORK FOR ONLY £329? BRITISH ATLANTIC. FIGHTING FOR THE RIGHT TO FLY. Includes a large advertisement for British Atlantic flights with a stylized logo and contact information.

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